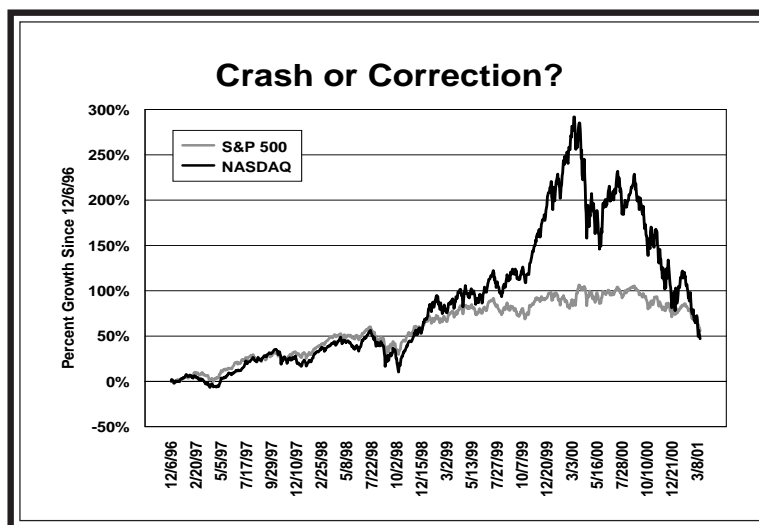


Washington Economic and Revenue Forecast



March 2001
Volume XXIV, No. 1

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Explanation of the Cover Graph

The cover chart show the performance of two familiar stock market indices since December 6, 1996, the day Fed chairman Greenspan asked "How do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions as they have in Japan over the last decade?" At the time, the price/earnings ratio for the S&P 500 stood at 18.2 compared to its long run average of 14.4. As of March 16, 2001, after a 25 percent decline since its peak a year earlier, the P/E ratio was 22.0. While the market does not seem undervalued at current prices, the huge loss of wealth is a source of concern. Just as the wealth effect was credited with spurring consumer spending in the late 1990s, the wealth effect operating in reverse now threatens to turn Greenspan's soft landing into a hard one.

This publication is available on the Internet at <http://www.wa.gov/ofc/>

Washington Economic and Revenue Forecast

Prepared by the
Office of the Forecast Council

March 2001
Volume XXIV, No. 1

Preface

The Office of the Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year.

Copies are available to Washington State businesses and residents for \$4.50 per copy, and to those out-of-state for \$9.00 per copy. You may contact our office for more subscription information at (360) 570-6100 or by writing the Office of the Forecast Council, Post Office Box 40912, Olympia, WA 98504-0912.

You may also access this report on our website at www.wa.gov/ofc/.

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Executive Summary

The March 2001 forecast incorporated the advance GDP estimate for the fourth quarter of 2000. According to the advance estimate, GDP growth slowed to 1.4 percent in the fourth quarter from 2.2 percent in the third quarter and 5.6 percent rate in the second quarter. Final sales of domestic product showed an even more dramatic deceleration during 2000 slowing from 6.7 percent in the first quarter to 3.9 percent in the second, 2.4 percent in the third, and 1.6 percent in the fourth. Consumer spending remained relatively strong in the fourth quarter, rising at a 2.9 percent rate in spite of a 3.4 percent drop in durable goods spending as a result of plunging auto sales.

Employment growth, excluding temporary census hiring, also slowed during the year from 2.3 percent in the first quarter to 1.8 percent, 1.4 percent, and finally to a nearly nine-year low 0.9 percent rate in the fourth quarter. Nevertheless, the unemployment rate remained essentially flat in the fourth quarter at 3.97 percent compared to 4.00 percent in the third quarter. Inflation, as measured by the consumer price index, steadily decelerated during the course of the year from 4.3 percent in the first quarter to 2.7 percent in the fourth quarter. More importantly, core inflation remained well behaved in the fourth quarter of 2000 rising at a 2.4 percent rate. Housing starts improved 8.2 percent to 1.558 million units in the fourth quarter as the mortgage rate declined to 7.64 percent. In response to increasing signs of a slowing economy, the Fed made a rare between-meeting federal funds rate cut of 50 basis points on January 3 and another 50 basis-point reduction to 5.50 percent on January 31.

The U.S. forecast shows significantly less real GDP growth in 2001 but somewhat stronger growth in 2002 and 2003 than did the forecast adopted in November while the inflation forecast is slightly lower. The forecast expects GDP growth to decline from 5.0 percent in 2000 to 2.1 percent in 2001 before recovering to 3.5 percent in 2002 and 3.7 percent in 2003. While the baseline forecast assumes there will be no outright recession, the slow growth during 2001 is expected to raise the unemployment rate from 3.97 percent in the fourth quarter of 2000 to a peak of 5.20 percent in the first quarter of 2002. The weakening economy is expected to ease inflationary pressures, which had been building. Inflation, as measured by the implicit price deflator for personal consumption expenditures, is expected to decline from 2.4 percent in 2000 to 1.9 percent in 2001 before drifting up to 2.2 percent in 2002 and 2.4 percent in 2003. The forecast assumes that the Fed will continue cutting the federal funds rate throughout the year, reaching a low of 4.75 percent in the fourth quarter.

Washington's nonfarm employment growth surged to 2.9 percent in the fourth quarter of 2000 from just 0.3 percent in the third quarter. Excluding the impact of temporary census related employment, the improvement was from 1.1 percent to 3.1 percent. Manufacturing employment fell at a 1.6 percent annual rate in the fourth quarter of 2000 following a 3.8 percent decline in the third quarter. Aerospace employment fell at only a 2.1 percent rate in the fourth quarter following a 3.3 percent decline in the third quarter and a 6.1 percent strike-adjusted decline in the second quarter. Non-aerospace manufacturing employment fell at only a 1.4 percent rate in the fourth quarter following a 4.0 percent decline in the third quarter. Nonmanufacturing employment growth also improved in the fourth quarter to a census-adjusted 3.9 percent from 1.9 percent in the third quarter. Construction employment growth shot up at a 10.4 percent rate following declines in the second and third quarters though the improvement is likely due to the mild winter weather. Services employment grew at a 5.3 percent rate in the quarter while employment in finance, insurance, and real insurance rose at a 5.1 percent rate. Federal government employment fell at a 9.0 percent rate though this was due to a decline in temporary census-related employment. Otherwise federal government employment would have risen at a 1.6 percent rate.

Washington's total personal income in the third quarter of 2000 was \$0.300 billion (0.2 percent) higher than expected in November. Wage and salary disbursements were \$0.105 billion (0.1 percent) higher as the weaker than expected software wages almost completely offset the upward revision to the other sectors. Software wages were \$1.351 billion (17.7 percent) lower than expected in November. Excluding software, the forecast error was a positive \$1.456 billion (1.5 percent) mostly due to the adoption of ES 202 derived wage estimates for the first three quarters of 2000. Nonwage personal income was \$0.195 billion (0.3 percent) higher than expected in November.

The number of Washington State housing units authorized by building permit climbed 3,300 to 44,000 in the fourth quarter of 2000 from 40,800 in the third quarter. Single family units edged up 500 from 27,300 in the third quarter to 27,800 in the fourth quarter but multi-family units authorized soared 2,800 from 13,500 to 16,300.

The forecast assumes lower software wages than expected in November. The number of Microsoft stock options being exercised per quarter as well as the stock price have been lower than previously expected. The first quarter 2001 software wage estimate of \$5.714 billion is \$2.765 billion lower than in the November forecast. As in November, the forecast assumes a gradual decline in software wages due to a declining number of options being exercised and a declining average net gain per option exercised. Aerospace employment in January was about 200 higher than expected in the November forecast. The pattern of decline through the second quarter of 2001 is similar to the assumption in November. Overall, the forecast expects a reduction of 27,900 from the peak in second quarter of 1998 through the trough in the second quarter of 2001. A modest upturn in aerospace employment is expected beginning in the second half of 2001. The forecast also assumes that a turnaround in Asia began to boost Washington employment growth in the second quarter of 2000. The forecast adds about 600 per quarter through 2001 reflecting Washington's disproportionate reliance on trade with Asia.

We have attempted to reflect the impact of Washington's energy situation in the forecast. The outlook is uncertain at this time, with much depending on energy market conditions and the extent of future BPA rate increases. Three types of adjustments were made to the forecast. First, we attempted to estimate the direct and indirect impact of future natural gas and electricity rate changes

on the Seattle CPI. Second, we attempted to estimate the macroeconomic consequences of the resulting decline in the purchasing power of Washington's consumers. Finally, we assumed that higher BPA electricity prices after October 1, 2001 will force further reductions in employment in the aluminum industry. We clearly do not know how severe the problem will be, but for the purposes of this forecast, we have assumed an employment reduction of 2,000 by the fourth quarter of 2001. This represents about half the current employment in aluminum smelting in the state at this time.

Wage and salary employment growth improved to 2.6 percent in 2000 from 2.1 percent in 1999. Employment growth is expected to decline in 2001 as the U.S. economy slows down. The forecast expects employment growth of 1.7 percent in 2001 and 1.4 percent in 2002 before recovering to 2.0 percent in 2003. Washington personal income grew 7.4 percent in 1999, the fourth consecutive year in excess of 7 percent. In spite of declining software income, personal income growth in 2000 appears headed for an impressive 6.7 percent rate in 2001. Slower growth is expected in 2001 due to slower employment growth and a further decline in Microsoft stock option income. The forecast expects personal income to grow 3.2 percent in 2001, recovering to 5.4 percent in 2002 and 6.2 percent in 2003. Housing activity is expected to weaken in the first half of 2001 due to declining consumer confidence, slow population growth, and weak income and employment growth. The single family market is expected to recover first, boosted by low mortgage interest rates. Later, an increase in net migration should benefit the multi-family market. The forecast expects housing permits to fall from 41,400 in 2000 to 39,100 in 2001 before recovering to 42,900 and 42,800 in 2002 and 2003.

Though our economic and revenue forecasts have anticipated a slowdown for some time, the outlook for the U.S. economy has clearly deteriorated since the November forecast. While we still do not expect a national recession in our baseline forecast, the impact of a weaker national economy is reflected in the Washington economic and revenue forecast for the upcoming biennium. Fortunately our collection experience since the last forecast has been stronger than expected. Though much of the strength in collections was the result of non-recurring events, the increase in the revenue forecast for the current biennium more than offsets the reduction in the forecast for the 2001-03 biennium. The General Fund-State revenue forecast for the 1999-01 biennium is \$21,312.4 million, an increase of \$143.5 million since the November forecast. The General Fund-State revenue forecast for the next biennium is \$22,215.5 million, a reduction of \$111.6 million. For the two biennia combined, the forecast change due to economic factors is a positive \$10.0 million while the forecast change due to adjustments to the estimated impacts of Initiatives 722 and 728 is a positive \$21.8 million resulting in a total increase of \$31.8 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 1999-01 and 2001-03 biennia. The forecast based on more optimistic economic assumptions netted \$142 million more revenue in the current biennium and \$770 million more in the next biennium and than did the baseline forecast while the pessimistic scenario was \$176 million lower in 1999-01 and \$934 million lower in 2001-03. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$3 million more revenue in this biennium but \$14 million less in 2001-03 than did the baseline forecast.

Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

The March 2001 forecast incorporated the advance GDP estimate for the fourth quarter of 2000. According to the advance estimate, GDP growth slowed to 1.4 percent in the fourth quarter from 2.2 percent in the third quarter and 5.6 percent rate in the second quarter. Final sales of domestic product showed an even more dramatic deceleration during 2000 slowing from 6.7 percent in the first quarter to 3.9 percent in the second, 2.4 percent in the third, and 1.6 percent in the fourth. Consumer spending remained relatively strong in the fourth quarter, rising at a 2.9 percent rate in spite of a 3.4 percent drop in durable goods spending as a result of plunging auto sales. Consumer purchases of nondurable goods rose only 0.8 percent but spending on services increased 5.3 percent. For the first time in more than five years, fixed investment declined in the fourth quarter of 2000. The 1.7 percent decline was more than accounted for by a 4.7 percent drop in business purchases of equipment and software. Nonresidential construction rose 9.3 percent but residential fixed investment fell 2.5 percent. Net exports were also a drag on GDP in the fourth quarter primarily as a result of a 4.3 percent decline in exports. Imports rose only 0.5 percent. Government spending rose at a 2.9 percent rate led by a 10.2 percent rebound in defense spending. State and local government spending increased 2.1 percent but civilian federal spending declined 4.5 percent.

Employment growth, excluding temporary census hiring, also slowed during the year from 2.3 percent in the first quarter to 1.8 percent, 1.4 percent, and finally to a nearly nine-year low 0.9 percent rate in the fourth quarter. Nevertheless, the unemployment rate remained essentially flat in the fourth quarter at 3.97 percent compared to 4.00 percent in the third quarter. Inflation, as measured by the consumer price index, steadily decelerated during the course of the year from 4.3 percent in the first quarter to 2.7 percent in the fourth quarter. More importantly, core inflation remained well behaved in the fourth quarter of 2000 rising at a 2.4 percent rate. Housing starts improved 8.2 percent to 1.558 million units in the fourth quarter as the mortgage rate declined to 7.64 percent. In response to increasing signs of a slowing economy, the Fed made a rare between-meeting federal funds rate cut of 50 basis points on January 3 and another 50 basis-point reduction to 5.50 percent on January 31.

U.S. Forecast Highlights

The U.S. forecast shows significantly less real GDP growth in 2001 but somewhat stronger growth in 2002 and 2003 than did the forecast adopted in November while the inflation forecast is slightly lower. The forecast expects GDP growth to decline from 5.0 percent in 2000 to 2.1 percent in 2001 before recovering to 3.5 percent in 2002 and 3.7 percent in 2003. While the baseline forecast assumes there will be no outright recession, the slow growth during 2001 is expected to raise the unemployment rate from 3.97 percent in the fourth quarter of 2000 to a peak of 5.20 percent in the first quarter of 2002. The weakening economy is expected to ease inflationary pressures, which had been building. Inflation, as measured by the implicit price deflator for personal consumption expenditures, is expected to decline from 2.4 percent in 2000 to 1.9 percent in 2001 before drifting up to 2.2 percent in 2002 and 2.4 percent in 2003. The forecast assumes that the Fed will continue cutting the federal funds rate throughout the year, reaching a low of 4.75 percent in the fourth quarter.

1. Real GDP grew 5.2 percent in fiscal 2000, the fourth consecutive year in excess of 4 percent. The long-awaited slowdown has finally arrived, brought on by a series of Federal Reserve interest rate hikes from June 1999 through May 2000 totaling 175 basis points. Lower equity prices, higher energy costs, and a decline in consumer confidence have contributed to the slowdown. Nevertheless the forecast expects the economy to avoid an outright recession. Real GDP growth is expected to slow to 3.2 percent in fiscal 2001 and 2.6 percent in 2002 before recovering to 3.8 percent in 2003.
2. Inflation has remained relatively well-behaved given the strong growth and low unemployment of recent years. Inflation, as measured by the implicit price deflator for personal consumption expenditures, increased to 2.2 percent in fiscal 2000 from a 36-year-low 1.3 percent in 1999, largely as result of a surge in energy prices. Still, the economy was operating at such a high rate that a resurgence of inflation was threatening. The forecast assumes that the economy slows enough to head off an upward spiral of wages and prices, however. The inflation rate is expected to drop to 2.1 percent in 2001 and 2002 before rising to a still moderate 2.3 percent in 2003.
3. Prompted by increasing signs of a rapidly slowing economy and the decline in the stock market, the Federal Reserve moved quickly and decisively, cutting the Fed funds rate a total of 100 basis points in January from 6.50 percent to 5.50 percent. The forecast assumes a 50 basis point cut at the March 20 meeting and a final 25 basis point reduction to 4.75 percent at the August 21 meeting. The Fed is expected to reverse course again in the second quarter of 2002 when it becomes apparent that a recovery has taken hold. On a fiscal year basis, 2001 should be the short-term interest rate peak. The three-month Treasury bill rate is expected to increase slightly to 5.29 percent in 2001 from 5.23 percent in 2000. The forecast expects the T-bill rate to decline to 4.32 percent in fiscal 2002, rising again to 5.02 percent in 2003. Mortgage rates also moved up in fiscal 2000 to 8.05 percent from 6.93 percent in 1999. The forecast expects the mortgage rate to decline to 7.36 percent in 2001 and 6.84 percent in 2002 before increasing to 7.63 percent in 2003.
4. In spite of higher mortgage interest rates, housing starts remained strong in fiscal 2000, dipping only 0.2 percent to 1.672 million units. The weakening economy and declining consumer confidence are expected to depress housing in the next two years, but the decline

should be mitigated by lower mortgage rates. The forecast expects housing starts to decline 9.6 percent in fiscal 2001 to 1.512 million units and another 1.5 percent to 1.488 million units in 2002. Only a modest 1.8 percent recovery to 1.515 million units is expected in 2003 as the beneficial impact of the recovery is largely offset by higher interest rates.

5. The nation's unemployment rate continued to decline in fiscal 2000 to 4.10 percent from 4.38 percent in 1999. The jobless rate in 2000 was the lowest since 1970. Though the forecast assumes output continues to grow, the growth will not be enough to offset productivity and labor force growth. As a result, the unemployment rate is expected rise. The unemployment rate will remain low by historical standards, however. The forecast expects the unemployment rate to rise to 4.27 percent in fiscal 2001 and 5.13 percent in 2002 before declining to 5.06 percent in 2001.
6. The federal budget surplus (national income and product accounts basis) continued to grow in fiscal 2000, rising to \$191.8 billion from \$83.9 billion in 1999 and \$2.3 billion in 1998. The forecast expects the surplus to peak in 2001 at \$262.3 billion. This would not only be a record in absolute terms, but, at 2.6 percent of GDP, one of the highest in relative terms as well. The economic slowdown is already having an impact on the budget, though. Individual income tax collections in the last quarter were up only 2 percent from the previous year compared with a 15 percent year-over-year increase last year. The slowdown, combined with expected tax cuts, should reduce the surplus in the next two years. The budget surplus is expected to shrink to \$169.1 billion in fiscal 2002 and \$90.2 billion in 2003.
7. The foreign sector continues to be a drag on GDP growth. The trade deficit (national income and product accounts basis) increased in fiscal 2000 to \$317.5 billion from \$193.3 billion in 1999. While weak growth at home should restrain import growth, weak growth abroad combined with the strong dollar should restrain export growth even more. The trade gap is expected to widen to \$393.1 billion in 2001, \$408.4 billion in 2002, and \$418.1 billion in 2003.

Table 1.1 provides a fiscal year summary of the U.S. economic indicators.

Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through January 2001. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. Washington's nonfarm employment growth surged to 2.9 percent in the fourth quarter of 2000 from just 0.3 percent in the third quarter. Excluding the impact of temporary census related employment, the improvement was from 1.1 percent to 3.1 percent. Manufacturing employment fell at a 1.6 percent annual rate in the fourth quarter of 2000 following a 3.8 percent decline in the third quarter. Aerospace employment fell at only a 2.1 percent rate in the fourth quarter following a 3.3 percent decline in the third quarter and a 6.1 percent strike-adjusted decline in the second quarter. Non-aerospace manufacturing employment fell at only a 1.4 percent rate in the fourth quarter following a 4.0 percent decline in the third quarter. Nonmanufacturing employment growth also improved in the fourth quarter to a census-adjusted 3.9 percent from 1.9 percent in the third quarter. Construction employment growth shot up at a 10.4 percent rate following declines in the second and third quarters though the improvement is likely due to the mild winter weather. Services employment grew at a 5.3 percent rate in the quarter while employment in fi-

nance, insurance, and real insurance rose at a 5.1 percent rate. Federal government employment fell at a 9.0 percent rate though this was due to a decline in temporary census-related employment. Otherwise federal government employment would have risen at a 1.6 percent rate.

In January 2001 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the second quarter of 2000 and released preliminary estimates for the third quarter. In addition, the wage estimates for the first three quarters of 2000 have been adjusted to reflect the Covered Employment and Payrolls data produced by the Department of Employment Security (see **Adjustments to Economic Data**). According to the adjusted estimates, Washington's total personal income in the third quarter of 2000 was \$0.300 billion (0.2 percent) higher than expected in November. Wage and salary disbursements were \$0.105 billion (0.1 percent) higher as the weaker than expected software wages almost completely offset the upward revision to the other sectors. Software wages were \$1.351 billion (17.7 percent) lower than expected in November. Excluding software, the forecast error was a positive \$1.456 billion (1.5 percent) mostly due to the adoption of ES 202 derived wage estimates for the first three quarters of 2000. Nonwage personal income was \$0.195 billion (0.3 percent) higher than expected in November.

The number of Washington State housing units authorized by building permit climbed 3,300 to 44,000 in the fourth quarter of 2000 from 40,800 in the third quarter. Single family units edged up 500 from 27,300 in the third quarter to 27,800 in the fourth quarter but multi-family units authorized soared 2,800 from 13,500 to 16,300.

Adjustments to Economic Data

This forecast utilizes an alternative employment estimate developed by the Department of Employment Security and the Office of the Forecast Council. The alternative employment estimate incorporates the covered employment and payrolls data through the third quarter of 2000 which subtracts 1,800 (0.1 percent) from the Current Employment Statistics (CES) estimate for September 2000. In addition, the growth pattern from September 2000 through January 2001 has been adjusted to reflect the average historical revision between the preliminary (sample based) estimates and the final (covered employment and payrolls based) estimates subtracting an additional 4,600 (0.2 percent). The combined effect of the adjustments was to reduce the January 2001 employment estimate by 6,400 (0.2 percent).

The forecast incorporates the BEA's January 2001 state personal income release, which contained revised estimates through the second quarter of 2000 and preliminary estimates for the third quarter. Until August 2000 it had been our practice to replace the BEA wage estimates for most sectors in the most recent year with our own estimates based on the Covered Employment and Wages (ES202) data provided by the Employment Security Department since we have one more quarter of ES202 data than is available to the BEA and because the BEA eventually rebenchmarks its wage estimates (except for farm and federal government) to reflect the ES202 data. Because we did not believe the huge increase in wages suggested by the first quarter ES202 data was sustainable, we temporarily abandoned that approach in our last two forecasts. Instead, we used the BEA estimates, adjusting only for the known errors in the BEA wage estimate for the services sector relating to known large declines in software wages. The second quarter ES202 data seemed to indicate we were on the right track as the difference between the ES202 based estimate and the adjusted BEA estimate narrowed sharply. The third quarter ES202 estimate, however, remained

well above this adjusted BEA estimate. Since the two must agree, on an annual average basis, we now expect a substantial upward revision to the BEA data. Rather than wait for the BEA to revise their estimates this summer, we decided to use our ES202-derived estimates for the first three quarters of 2000. The result is a large upward revision to the non- software wage estimates in 2000. The third quarter software estimate, however, fell far short of our November forecast.

Washington State Forecast Highlights

The forecast assumes lower software wages than expected in November. The number of Microsoft stock options being exercised per quarter as well as the stock price have been lower than previously expected. The first quarter 2001 software wage estimate of \$5.714 billion is \$2.765 billion lower than in the November forecast. As in November, the forecast assumes a gradual decline in software wages due to a declining number of options being exercised and a declining average net gain per option exercised. Aerospace employment in January was about 200 higher than expected in the November forecast. The pattern of decline through the second quarter of 2001 is similar to the assumption in November. Overall, the forecast expects a reduction of 27,900 from the peak in second quarter of 1998 through the trough in the second quarter of 2001. A modest upturn in aerospace employment is expected beginning in the second half of 2001. The forecast also assumes that a turnaround in Asia began to boost Washington employment growth in the second quarter of 2000. The forecast adds about 600 per quarter through 2001 reflecting Washington's disproportionate reliance on trade with Asia.

We have attempted to reflect the impact of Washington's energy situation in the forecast. The outlook is uncertain at this time, with much depending on energy market conditions and the extent of future BPA rate increases. Three types of adjustments were made to the forecast. First, we attempted to estimate the direct and indirect impact of future natural gas and electricity rate changes on the Seattle CPI. Second, we attempted to estimate the macroeconomic consequences of the resulting decline in the purchasing power of Washington's consumers. Finally, we assumed further reductions in employment in the aluminum industry. We assumed a 24.5 percent increase in the natural gas component of the Seattle CPI beginning in February 2001 to reflect the rate increase granted to Puget Sound Energy and a 2.6 percent increase in the electricity component of the CPI in March to reflect the impact of a planned increase in Seattle City Light's rates. The forecast also assumes that higher BPA rates will raise electricity prices in the area covered by the Seattle consumer price index area an average of 14.3 percent beginning in October 2001. Largely offsetting these impacts is an assumption that previously enacted temporary rate increases by the Snohomish County PUD, Seattle City Light, and Tacoma Power will be reversed on July 1, 2002. These reversals have the effect of reducing the electricity component of the CPI by 13.2 percent. Finally, we assumed that higher BPA electricity prices after October 1, 2001 will force further reductions in employment in the aluminum industry. We clearly do not know how severe the problem will be, but for the purposes of this forecast, we have assumed an employment reduction of 2,000 by the fourth quarter of 2001. This represents about half the current employment in aluminum smelting in the state at this time.

Wage and salary employment growth improved to 2.6 percent in 2000 from 2.1 percent in 1999. Employment growth is expected to decline in 2001 as the U.S. economy slows down. The forecast expects employment growth of 1.7 percent in 2001 and 1.4 percent in 2002 before recovering to 2.0 percent in 2003. Washington personal income grew 7.4 percent in 1999, the fourth

consecutive year in excess of 7 percent. In spite of declining software income, personal income growth in 2000 appears headed for an impressive 6.7 percent rate in 2001. Slower growth is expected in 2001 due to slower employment growth and a further decline in Microsoft stock option income. The forecast expects personal income to grow 3.2 percent in 2001, recovering to 5.4 percent in 2002 and 6.2 percent in 2003. Housing activity is expected to weaken in the first half of 2001 due to declining consumer confidence, slow population growth, and weak income and employment growth. The single family market is expected to recover first, boosted by low mortgage interest rates. Later, an increase in net migration should benefit the multi-family market. The forecast expects housing permits to fall from 41,400 in 2000 to 39,100 in 2001 before recovering to 42,900 and 42,800 in 2002 and 2003.

1. Nominal personal income grew 8.8 percent in fiscal 2000, up from a strong 7.5 percent the previous year. Personal income growth has averaged more than 8 percent per year for the last four years. While employment growth slowed slightly in fiscal 2000, average wage growth rose from 7.1 percent to 8.7 percent, a remarkable performance in an economy with little inflation. The stronger wage growth in fiscal 2000 was largely due to the software sector, where the value of exercised stock options surged once again. Even without the software sector, however, average wages would have risen 5.9 percent in 2000 compared to 4.8 percent in 1999. Much weaker personal income growth is expected in fiscal 2001 partially as a result of slower job growth, but mainly as a result of a sharp reduction in software stock option income. Personal income is expected to grow only 3.0 percent in 2001 but, outside of the software sector, the forecast is for 6.3 percent growth. The forecast expects Washington personal income to grow 4.6 percent per year in 2002 and 6.0 percent in 2003.
 2. Washington real personal income growth improved to 6.5 percent in fiscal 2000 from 6.1 percent in 1999 as higher inflation was overcome by even stronger nominal income growth. Real personal income growth remains very strong considering the slow employment and population growth of recent years. Real personal growth is expected suffer from the slowing economy and a decline in software income in fiscal 2001, rising only 0.9 percent before recovering to 2.5 percent in 2002 and 3.6 percent in 2003.
 3. Reflecting the impact of the aerospace downturn, Washington wage and salary employment growth slowed again in fiscal 2000 to 2.4 percent from 2.5 percent in 1999 and 3.8 percent in 1998. Employment growth is expected to remain weak for the next three years due to the slowdown in the U.S. economy. Still, no local recession is expected as long as the U.S. economy avoids a recession. The forecast calls for employment growth rates of 2.1 percent in 2001, 1.3 percent in 2002, and 1.9 percent in 2003.
- ◆ Lumber and wood products employment fell 600 in the fourth quarter of 2000 to 32,100. Unlike the national industry, which saw a strong recovery from 1992 through 1999, lumber and wood products employment in Washington continued to lose ground as a result of timber supply constraints and the economic problems in Asia. The job loss during 2000 was compounded by the national manufacturing recession. Washington lumber and wood products employment is now 10,400 lower than the cyclical peak in the fourth quarter of 1988. The forecast assumes that the cyclical downturn and adjustment to reduced federal timber supplies is essentially complete. As a result, only about 100 more jobs are expected to be lost by the end of 2003.

- ◆ Aerospace employment fell only 500 in the fourth quarter of 2000 compared to the average of more than 2,700 per quarter during the current aerospace downturn. The total reduction since the peak in the second quarter of 1998 now stands at 27,300. The forecast assumes the job loss is nearly over with only 700 more jobs eliminated by the end of the current biennium bringing the total peak to trough reduction to 27,900. While the forecast assumes an upturn in production in the upcoming biennium, the employment gains are expected to be limited by continued productivity growth. The forecast expects an increase of only 5,700 from the second quarter of 2001 through the fourth quarter of 2003.
- ◆ Apparently unaffected by the current Boeing downturn, construction employment has been rising rapidly since the end of the previous aerospace cycle in the fourth quarter of 1995. Construction employment grew at a 10.4 percent annual rate in the fourth quarter of 2000 and an average rate of 6.2 percent per year since the end of 1995. The monthly data indicate a strong 7.3 percent increase in the first quarter as well but the decline in housing activity and general economic weakness during 2001 is expected to produce a loss of 200 jobs by the end of this year. The recovery in this sector in 2002 and 2003 will be limited by the already high level of construction employment relative to the overall economy. The forecast expects an average growth rate of 1.3 percent during 2002 and 0.9 percent during 2003.
- ◆ Employment in the finance, insurance, and real estate sector jumped 5.1 percent in the fourth quarter of 2000 following three consecutive quarterly declines. Employment has been essentially flat since the end of 1998 when, in response to rising mortgage rates, refinancing activity dried up. The forecast assumes that this process is complete and, with mortgage rates headed down again, stronger finance, insurance, and real estate employment growth will resume. The forecast expects an average growth rate of 2.5 percent per year through the end of 2003.
- ◆ Retail trade employment rose at a 4.0 percent annual rate in the fourth quarter of 2000 and the monthly data indicate a 1.7 percent increase is likely in the first quarter of this year. The recent decline in consumer confidence, slow population growth, and weak economy are expected to be particularly hard on trade employment. For the next four quarters employment is expected to decline at an average rate of 0.2 percent. The forecast expects a moderate recovery beginning in the second quarter of 2002. A growth rate of 1.6 percent per year is expected for the final seven quarters of the forecast.
- ◆ Services employment rose at a strong 5.3 percent rate in the fourth quarter of 2000 and 5.6 percent over the previous year. The strength in services growth has been mainly due to the export-oriented computer and data processing industry and engineering and management services industry. Growth in the local market serving services industries has been much more subdued. Both types of services will suffer as the U.S. and Washington economies slow down. Still, the services sector will fare relatively well. Employment growth in the services sector is expected to average 2.5 percent during 2001 improving to an average rate of 3.3 percent during 2002 and 2003.

- ◆ State and local government employment was unchanged in the fourth quarter of 2000 but the monthly data suggest a 3.4 percent increase in the first quarter of 2001. The year-over-year growth rate of 1.3 percent is probably a better indicator of the trend in this sector. State and local government employment growth is less cyclical than the economy in general, but slower growth in general and a substantial decline in the growth rate of the school age population in particular are expected to restrain growth during the remainder of the forecast. The forecast expects state and local government employment growth to average 1.2 percent per year during the remaining eleven quarters of the forecast.
- 4. Suffering from a sharp rise in mortgage interest rates and weak population growth, the number of housing units authorized by building permit fell 10.0 percent in fiscal 2000 to 40,500 from 45,000 in 1999. Housing permits are expected to remain weak in 2001, declining 1.0 percent to 40,100 units as a result of the weak economy, declining consumer confidence and low population growth. The economic recovery and an expected upturn in migration should spur housing activity in the next two years, however. Housing permits are expected to increase 3.5 percent in 2002 to 41,500 and another 3.3 percent in 2003 to 42,800.
- 5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased in fiscal 2000 to 3.2 percent from 3.0 percent in 1999. While the local inflation rate remains higher than the corresponding rate for the U.S., the gap has narrowed. The U.S. CPI rose 2.9 percent in 2000 compared to 1.7 percent in 1999. The gap is expected to increase in fiscal 2001 in large part due to the energy problems that have plagued the region, but the forecast assumes that Seattle inflation will be close to the national average during the following two years. The forecast calls for CPI inflation rates of 3.8 percent, 2.8 percent, and 2.0 percent in Seattle compared to 3.0 percent, 2.4 percent, and 2.4 percent for the U.S. city average.

Table 1.2 provides a fiscal year summary of the state economic indicators.

Alternative Forecasts

As required by statute, the Forecast Council has also adopted two alternatives to the baseline forecast. One of these was based on more optimistic economic assumptions than the baseline and one was based on more pessimistic assumptions. These alternatives are summarized in Table 1.3.

The pessimistic forecast for the U.S. economy assumes a recession is already underway. The Federal Reserve's January interest rate cuts came too late to prevent a downturn, but do help to limit the damage. Once it is evident that the landing has turned hard, the Federal Reserve accelerates its interest rate reductions. By October the federal funds rate target is 4.0 percent. Thanks to the Fed's quick response, credit is soon flowing again and the damage is limited. Real GDP falls 1.1 percent over the first two quarters, with inventory liquidation dominating the downturn. Final sales dip only 0.3 percent. At the state level, aerospace production cuts coupled with continued improvement in productivity lead to a continued decline in aerospace employment through mid 2002 rather than the recovery that is assumed in the baseline forecast. Washington's wage growth and inflation are relatively slow and Washington personal income is lower. Population growth is also slower in this scenario and construction employment growth turns negative in the second quarter of 2001. By the end of the 2001-03 biennium, Washington nonagricultural employment is lower by 47,300 jobs

than in the baseline forecast and Washington personal income is \$8.5 billion lower. The pessimistic scenario produced \$176 million (0.8 percent) less General Fund-State revenue in the current biennium and \$934 million (4.2 percent) less revenue in 2001-03 than did the baseline forecast.

The optimistic forecast for the U.S. economy is a less likely alternative. This scenario is similar to the baseline in the near term but, after a pause in 2001, much stronger real growth resumes. The GDP growth rate averages 4 percent in 2002 and nearly 5 percent in the first half of 2003. After the slowdown in 2001, inflation accelerates in 2002 and 2003, reaching 2.7 percent by the end of 2003. The Fed becomes concerned about the increasing inflation threat by the end of 2002, initiating a series of fed funds rate increases which total 100 basis points by the end of 2003. At the state level, the initial level of personal income is higher in the optimistic forecast and wages and prices grow faster. The recovery in Washington aerospace employment is stronger than in the baseline scenario. Population growth and construction employment growth were also enhanced in the optimistic alternative. By the end of the 2001-30 biennium, Washington nonagricultural employment was higher by 52,200 jobs than in the baseline forecast and Washington personal income was \$8.2 billion higher. The optimistic scenario generated \$142 million (0.7 percent) more General Fund-State revenue in the 1999-01 biennium and \$770 million (3.5 percent) more revenue in the 2001-03 biennium than did the baseline forecast.

Governor's Council of Economic Advisors Scenario

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. Nationally the Governor's Council view was very similar to the baseline forecast with essentially the same inflation forecast but slightly weaker real GDP growth in fiscal 2002 and 2003. The GCEA scenario also exhibited lower short term and long term interest rates in 2003. The GCEA forecasts for Washington State were also extremely similar to the baseline forecast. The Governor's Council members expected marginally stronger income growth, both nominal and real, than did the baseline forecast in 2001 and 2002 but slower growth for both in 2003. Their employment forecast was virtually identical to the baseline but their housing forecast was weaker throughout. At the end of the 2001-03 biennium, Washington nonagricultural employment was 1,700 higher in the GCEA forecast than in the baseline forecast and Washington personal income was \$0.013 billion higher. The Governor's Council scenario generated \$3 million (0.0 percent) more revenue in the 1999-01 biennium but \$14 million (0.1 percent) less in the 2001-03 biennium than did the baseline forecast.

Table 1.1
U.S. Economic Forecast Summary
Forecast 2001 to 2003

Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	7,665.7	7,980.4	8,340.0	8,676.3	9,125.1	9,419.3	9,663.9	10,029.6
% Ch	2.8	4.1	4.5	4.0	5.2	3.2	2.6	3.8
Real Consumption	5,158.8	5,318.1	5,548.3	5,822.8	6,147.2	6,396.8	6,602.0	6,837.7
% Ch	3.1	3.1	4.3	4.9	5.6	4.1	3.2	3.6
Real Nonresidential Fixed Investment	849.9	951.0	1,079.1	1,193.9	1,338.0	1,442.8	1,486.2	1,576.7
% Ch	8.2	11.9	13.5	10.6	12.1	7.8	3.0	6.1
Real Residential Fixed Investment	302.4	316.2	330.0	361.5	370.1	358.7	359.4	368.5
% Ch	2.0	4.6	4.4	9.5	2.4	-3.1	0.2	2.5
Real Personal Income	6,430.8	6,664.6	6,989.3	7,307.0	7,573.7	7,839.8	8,040.4	8,308.0
% Ch	2.8	3.6	4.9	4.5	3.7	3.5	2.6	3.3
Real Per Capita Income (\$/Person)	24,304	24,952	25,925	26,860	27,594	28,309	28,773	29,468
% Ch	1.8	2.7	3.9	3.6	2.7	2.6	1.6	2.4
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	0.989	1.011	1.025	1.038	1.061	1.083	1.106	1.131
% Ch	2.1	2.2	1.4	1.3	2.2	2.1	2.1	2.3
U.S. Consumer Price Index (1982-84=1.0)	1.546	1.590	1.619	1.647	1.694	1.746	1.787	1.831
% Ch	2.7	2.8	1.8	1.7	2.9	3.0	2.4	2.4
Employment Cost Index (June 1989=1.0)	1.239	1.280	1.330	1.380	1.431	1.487	1.545	1.606
% Ch	3.1	3.3	3.9	3.7	3.7	3.9	3.9	3.9
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	7,593.6	8,061.1	8,556.5	9,025.0	9,649.8	10,177.3	10,685.8	11,347.8
% Ch	4.9	6.2	6.1	5.5	6.9	5.5	5.0	6.2
Personal Income	6,361.3	6,736.6	7,161.7	7,587.9	8,037.2	8,492.9	8,889.3	9,397.8
% Ch	4.9	5.9	6.3	6.0	5.9	5.7	4.7	5.7
Employment (Millions)								
U.S. Civilian Labor Force	132.9	135.3	137.0	138.6	140.3	141.4	142.9	144.4
Total U.S. Employment	125.5	128.2	130.6	132.5	134.5	135.3	135.6	137.1
Unemployment Rate (%)	5.57	5.22	4.66	4.38	4.10	4.27	5.13	5.06
Wage and Salary Employment	118.27	121.10	124.30	127.34	130.26	132.09	132.83	134.23
% Ch	2.0	2.4	2.6	2.4	2.3	1.4	0.6	1.0
Manufacturing	18.49	18.56	18.81	18.66	18.49	18.25	17.57	17.22
% Ch	0.0	0.4	1.4	-0.8	-0.9	-1.3	-3.8	-2.0
Durable Manufacturing	10.73	10.88	11.17	11.14	11.10	10.97	10.48	10.29
% Ch	1.2	1.4	2.7	-0.2	-0.4	-1.1	-4.5	-1.8
Nondurable Manufacturing	7.76	7.68	7.65	7.52	7.39	7.28	7.08	6.93
% Ch	-1.6	-1.0	-0.5	-1.6	-1.7	-1.5	-2.7	-2.2
Nonmanufacturing	99.78	102.54	105.49	108.68	111.77	113.83	115.27	117.01
% Ch	2.4	2.8	2.9	3.0	2.8	1.8	1.3	1.5
Services	33.77	35.22	36.80	38.27	39.75	40.93	41.90	43.03
% Ch	4.2	4.3	4.5	4.0	3.9	3.0	2.4	2.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.0	20.5	20.2	20.3	20.7	21.5	21.0	20.7
Auto Sales (Millions)	8.7	8.3	8.2	8.3	9.0	8.4	8.4	8.5
% Ch	-0.6	-4.5	-1.7	1.7	7.8	-6.2	-0.9	2.1
Housing Starts (Millions)	1.447	1.457	1.530	1.676	1.672	1.512	1.488	1.515
% Ch	4.5	0.7	5.0	9.5	-0.2	-9.6	-1.5	1.8
Federal Budget Surplus (Billions)	-171.1	-97.1	2.3	83.9	191.8	262.3	169.1	90.2
Net Exports (Billions)	-74.8	-88.6	-115.6	-193.3	-317.5	-393.1	-408.4	-418.1
3-Month Treasury Bill Rate (%)	5.14	5.05	5.04	4.49	5.23	5.29	4.32	5.02
30-Year U.S. Govt. Bond Rate (%)	6.54	6.83	6.10	5.44	6.14	5.57	5.59	6.22
Bond Index of 20 G.O. Munis. (%)	5.78	5.72	5.24	5.08	5.82	5.35	4.88	5.55
Mortgage Rate (%)	7.60	7.90	7.20	6.93	8.05	7.36	6.84	7.63

Table 1.2
Washington Economic Forecast Summary
Forecast 2001 to 2003

Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	135.326	143.508	152.594	161.923	172.427	174.018	178.344	184.844
% Ch	3.4	6.0	6.3	6.1	6.5	0.9	2.5	3.6
Real Wage and Salary Disb.	74.891	80.604	87.403	94.452	102.737	101.959	104.554	108.073
% Ch	4.3	7.6	8.4	8.1	8.8	-0.8	2.5	3.4
Real Nonwage Income	60.435	62.903	65.191	67.471	69.690	72.059	73.790	76.771
% Ch	2.4	4.1	3.6	3.5	3.3	3.4	2.4	4.0
Real Per Capita Income (\$/Person)	24,283	25,309	26,502	27,751	29,280	29,266	29,624	30,247
% Ch	1.6	4.2	4.7	4.7	5.5	0.0	1.2	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	0.989	1.011	1.025	1.038	1.061	1.083	1.106	1.131
% Ch	2.1	2.2	1.4	1.3	2.2	2.1	2.1	2.3
Seattle Cons. Price Index (1982-84=1.0)	1.544	1.606	1.653	1.702	1.757	1.823	1.875	1.913
% Ch	2.8	4.0	2.9	3.0	3.2	3.8	2.8	2.0
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.52	14.96	15.43	15.97	16.41	17.11	17.50	17.85
% Ch	-2.4	3.1	3.1	3.5	2.8	4.3	2.3	2.0
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	133.129	144.380	155.881	167.840	182.940	188.285	196.714	208.536
% Ch	5.5	8.5	8.0	7.7	9.0	2.9	4.5	6.0
Personal Income	133.868	145.063	156.361	168.153	182.980	188.515	197.174	209.091
% Ch	5.6	8.4	7.8	7.5	8.8	3.0	4.6	6.0
Disposable Personal Income	116.588	125.328	134.104	143.565	155.216	158.700	167.998	180.150
% Ch	4.9	7.5	7.0	7.1	8.1	2.2	5.9	7.2
Per Capita Income (\$/Person)	24,020	25,582	27,156	28,818	31,071	31,704	32,752	34,214
% Ch	3.8	6.5	6.2	6.1	7.8	2.0	3.3	4.5
Employment (Thousands)								
Washington Civilian Labor Force	2,842.9	2,928.5	3,015.2	3,067.5	3,050.4	3,071.9	3,122.8	3,184.1
Total Washington Employment	2,653.2	2,764.6	2,876.3	2,921.1	2,899.1	2,914.7	2,954.2	3,007.0
Unemployment Rate (%)	6.67	5.59	4.61	4.77	4.96	5.12	5.40	5.56
Wage and Salary Employment	2,371.5	2,464.8	2,558.2	2,621.3	2,685.4	2,741.9	2,778.7	2,831.4
% Ch	1.7	3.9	3.8	2.5	2.4	2.1	1.3	1.9
Manufacturing	332.8	357.5	378.5	373.0	356.3	349.4	346.9	349.8
% Ch	-1.5	7.4	5.9	-1.5	-4.5	-1.9	-0.7	0.8
Durable Manufacturing	223.1	248.3	270.0	264.7	247.6	242.7	241.5	245.2
% Ch	-3.2	11.3	8.7	-2.0	-6.5	-2.0	-0.5	1.5
Aerospace	77.3	95.8	111.2	107.7	89.9	86.3	86.6	89.1
% Ch	-13.1	23.8	16.1	-3.1	-16.5	-4.0	0.4	2.9
Nondurable Manufacturing	109.7	109.2	108.5	108.3	108.7	106.7	105.4	104.6
% Ch	2.1	-0.4	-0.7	-0.2	0.4	-1.8	-1.2	-0.8
Nonmanufacturing	2,038.7	2,107.3	2,179.7	2,248.4	2,329.1	2,392.5	2,431.8	2,481.6
% Ch	2.3	3.4	3.4	3.2	3.6	2.7	1.6	2.0
Construction	123.6	132.7	139.2	148.8	158.7	164.8	167.4	169.3
% Ch	0.8	7.4	4.9	6.9	6.7	3.9	1.5	1.1
Services	637.1	662.4	695.0	723.1	760.6	797.3	819.8	847.8
% Ch	4.3	4.0	4.9	4.0	5.2	4.8	2.8	3.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.516	38.050	45.127	44.954	40.469	40.063	41.481	42.850
% Ch	-4.8	-3.7	18.6	-0.4	-10.0	-1.0	3.5	3.3
Single-Family	27.998	26.010	29.346	28.252	27.285	26.708	27.298	26.258
% Ch	0.7	-7.1	12.8	-3.7	-3.4	-2.1	2.2	-3.8
Multi-Family	11.518	12.040	15.780	16.702	13.184	13.355	14.184	16.592
% Ch	-15.9	4.5	31.1	5.8	-21.1	1.3	6.2	17.0
Mortgage Rate (%)	7.60	7.90	7.20	6.93	8.05	7.36	6.84	7.63

Table 1.3

Comparison of Alternative Forecasts

	Fiscal Year 2001				Fiscal Year 2002				Fiscal Year 2003			
	O	B	P	G	O	B	P	G	O	B	P	G
U.S.												
Real GDP	9419.3	9419.3	9419.3	9419.3	9663.5	9663.9	9663.5	9663.5	10059.3	10029.6	10059.3	10059.3
%Ch	3.2	3.2	2.5	3.2	2.6	2.6	1.9	2.3	4.1	3.8	5.2	3.6
Implicit Price Deflator	1.083	1.083	1.083	1.084	1.106	1.106	1.104	1.106	1.131	1.131	1.127	1.131
%Ch	2.1	2.1	2.1	2.1	2.1	2.1	1.9	2.0	2.3	2.3	2.1	2.3
Mortgage Rate	7.36	7.36	7.33	7.33	6.80	6.84	6.41	6.88	7.31	7.63	7.30	7.19
3 Month T-Bill Rate	5.29	5.29	5.19	5.25	4.27	4.32	3.64	4.32	4.64	5.02	4.53	4.42
Washington												
Real Personal Income*	175.226	174.018	172.384	174.182	182.082	178.344	172.396	178.863	190.839	184.844	178.274	185.111
%Ch	1.6	0.9	0.0	1.0	3.9	2.5	0.0	2.7	4.8	3.6	3.4	3.5
Personal Income	189.829	188.515	186.726	188.798	201.309	197.174	190.334	197.769	215.913	209.091	200.957	209.291
%Ch	3.7	3.0	2.0	3.2	6.0	4.6	1.9	4.8	7.3	6.0	5.6	5.8
Employment	2745.8	2741.9	2730.3	2740.7	2798.9	2778.7	2728.7	2777.6	2873.0	2831.4	2781.6	2832.2
%Ch	2.2	2.1	1.7	2.1	1.9	1.3	-0.1	1.3	2.6	1.9	1.9	2.0
Housing Permits	40.583	40.063	36.774	39.678	44.744	41.481	36.402	41.407	49.757	42.850	41.472	42.063
%Ch	0.3	-1.0	-9.1	-2.0	10.3	3.5	-1.0	4.4	11.2	3.3	13.9	1.6

(O) Optimistic; (B) Baseline; (P) Pessimistic; (G) Governor's Council of Economic Advisors

Table 1.4

Forecast Analysis

Comparison of Forecasts for 1999-01

Forecast Date	1998				1999				2000				2001	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
U.S.														
Percent Growth, 99:2-01:2														
Real GDP	4.6	4.9	4.6	4.4	4.4	3.7	5.4	6.0	7.6	8.9	9.4	9.3	7.9	
Implicit Price Deflator	4.6	5.0	5.1	5.1	3.8	3.7	3.7	3.9	3.3	4.2	4.9	4.6	4.3	
Average Rate, 99:3 to 01:2														
3 Month T-Bill Rate	4.16	4.38	4.02	3.94	4.62	4.41	4.88	4.94	5.25	5.61	5.56	5.60	5.26	
Mortgage Rate	6.92	6.53	6.11	6.05	6.84	7.00	7.35	7.61	7.96	8.02	8.00	8.05	7.70	
Washington														
Percent Growth, 99:2-01:2														
Employment	3.6	3.6	3.1	3.2	3.0	3.0	3.5	3.0	3.4	4.2	5.1	4.1	4.8	
Personal Income	9.5	9.8	9.1	8.6	8.6	8.2	9.3	11.1	13.7	12.6	13.5	13.2	12.0	
Real Personal Income	4.7	4.5	3.9	3.4	4.6	4.3	5.3	6.9	10.1	8.1	8.2	8.2	7.4	
Total (Thousands of units), 99:3 to 01:2														
Housing Units Authorized	85.4	89.9	88.1	85.9	83.6	84.0	84.1	81.7	79.4	81.9	82.9	82.2	80.5	

Table 1.5

Fiscal Years

Forecast Comparison

Forecast 2001 to 2003

	1999	2000	2001	2002	2003
U.S.					
Real GDP					
March Baseline	8676.3	9125.1	9419.3	9663.9	10029.6
% Ch	4.0	5.2	3.2	2.6	3.8
November Baseline	8676.3	9125.1	9491.4	9797.6	10134.4
% Ch	4.0	5.2	4.0	3.2	3.4
Implicit Price Deflator					
March Baseline	1.038	1.061	1.083	1.106	1.131
% Ch	1.3	2.2	2.1	2.1	2.3
November Baseline	1.038	1.061	1.086	1.110	1.137
% Ch	1.3	2.2	2.4	2.2	2.4
U.S. Unemployment Rate					
March Baseline	4.38	4.10	4.27	5.13	5.06
November Baseline	4.38	4.10	4.17	4.56	4.64
Mortgage Rate					
March Baseline	6.93	8.05	7.36	6.84	7.63
November Baseline	6.93	8.05	8.04	7.50	7.34
3 Month T-Bill Rate					
March Baseline	4.49	5.23	5.29	4.32	5.02
November Baseline	4.49	5.23	5.98	5.57	5.35
Washington					
Real Personal Income					
March Baseline	161.923	172.427	174.018	178.344	184.844
% Ch	6.1	6.5	0.9	2.5	3.6
November Baseline	161.923	171.279	174.388	180.434	186.403
% Ch	6.1	5.8	1.8	3.5	3.3
Personal Income					
March Baseline	168.153	182.980	188.515	197.174	209.091
% Ch	7.5	8.8	3.0	4.6	6.0
November Baseline	168.153	181.755	189.417	200.357	211.920
% Ch	7.5	8.1	4.2	5.8	5.8
Employment					
March Baseline	2621.3	2685.4	2741.9	2778.7	2831.4
% Ch	2.5	2.4	2.1	1.3	1.9
November Baseline	2622.0	2682.7	2728.0	2773.2	2824.5
% Ch	2.5	2.3	1.7	1.7	1.8
Housing Permits					
March Baseline	44.954	40.469	40.063	41.481	42.850
% Ch	-0.4	-10.0	-1.0	3.5	3.3
November Baseline	45.346	41.285	40.913	43.909	40.886
% Ch	0.5	-9.0	-0.9	7.3	-6.9

Table 1.6

Calendar Years

Long Range Economic Outlook

Forecast 2001 to 2010

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
U.S.*											
Real GDP, %Ch	5.0	2.1	3.5	3.7	4.0	3.8	3.7	3.5	3.5	3.4	3.5
Implicit Price Deflator, %Ch	2.4	1.9	2.2	2.4	1.7	2.0	2.4	2.6	2.8	2.9	3.0
3 Month T-Bill Rate	5.82	4.38	4.69	5.09	5.42	5.51	5.52	5.55	5.58	5.60	5.63
Mortgage Rate	8.06	6.79	7.25	7.76	7.84	7.93	8.00	8.10	8.20	8.29	8.37
State**											
Real Personal Income, %Ch	4.2	1.3	3.1	3.7	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Personal Income, %Ch	6.7	3.2	5.4	6.2	4.3	4.6	5.0	5.2	5.3	5.5	5.6
Employment, %Ch	2.6	1.7	1.4	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

* March 2001 Baseline (2001-2003) extended with the DRI February 2000 Trendlong Forecast.

** March 2001 Baseline (2001-2003) judgmentally extended through 2010.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonagricultural Employment

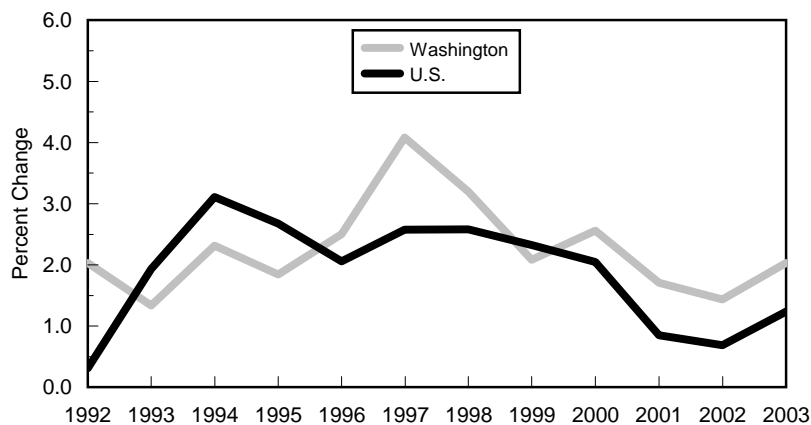


Chart 1.2
Manufacturing Employment

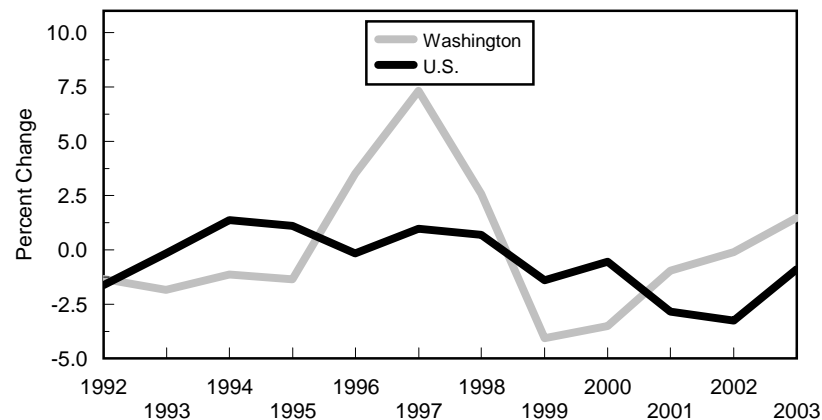


Chart 1.3
Aerospace Employment

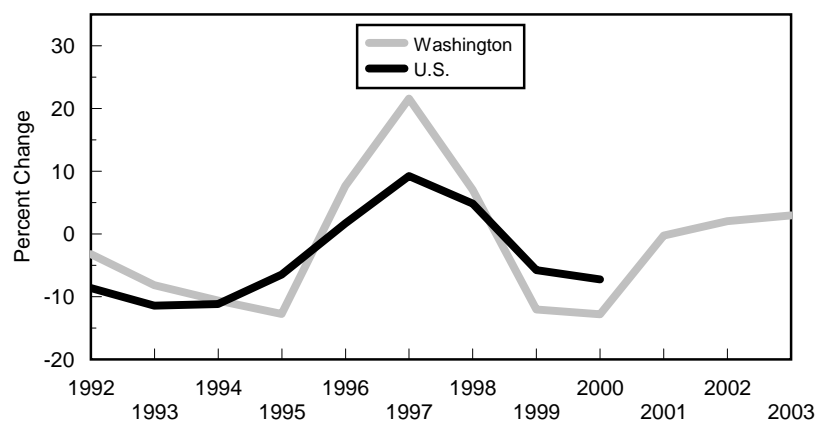
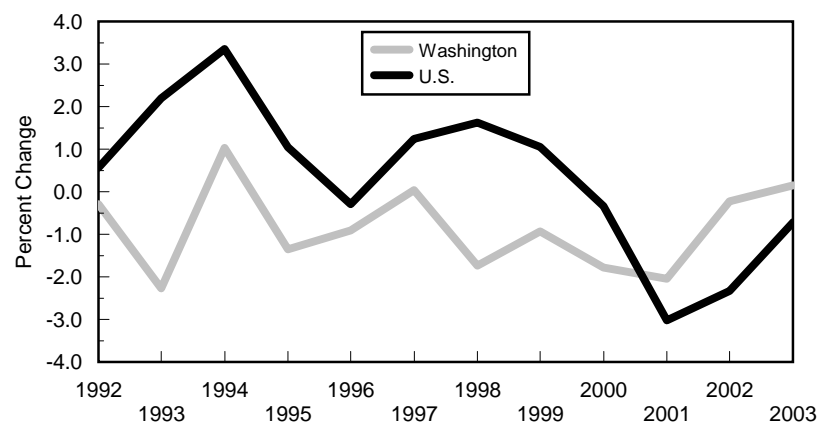


Chart 1.4
Forest Products Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.5
Construction Employment

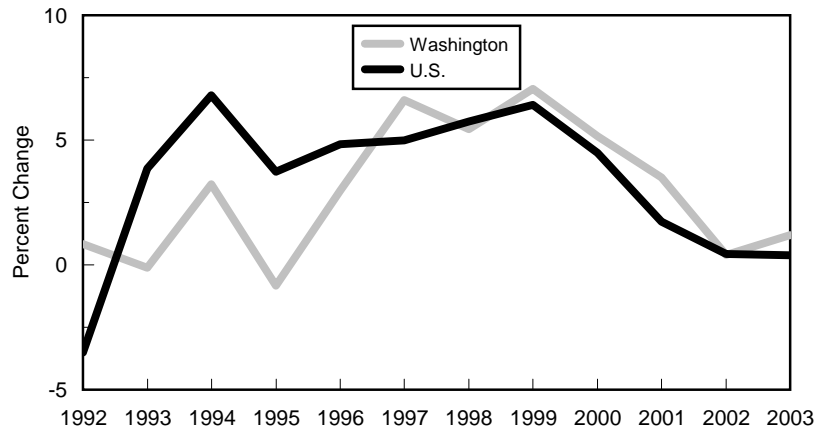


Chart 1.6
Trade Employment

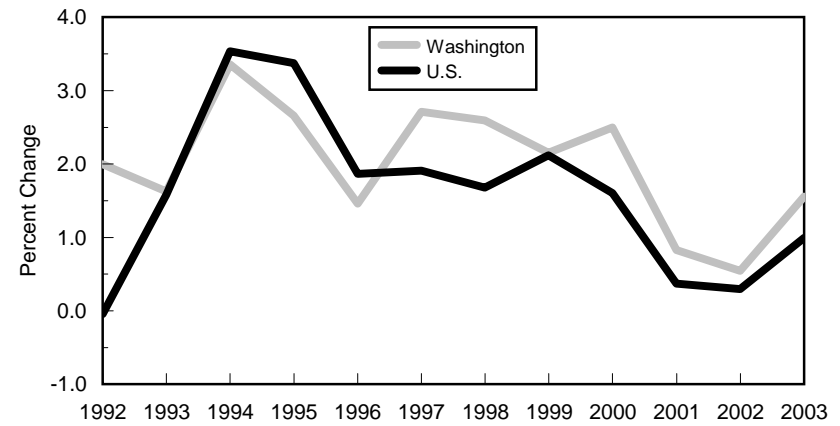


Chart 1.7
Services Employment

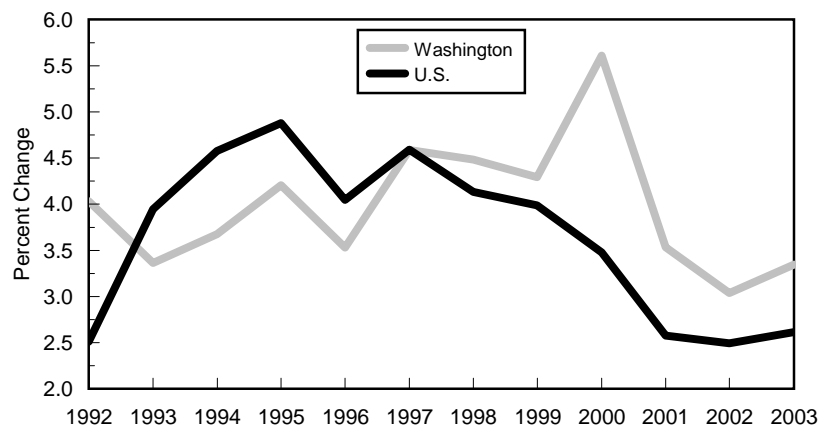
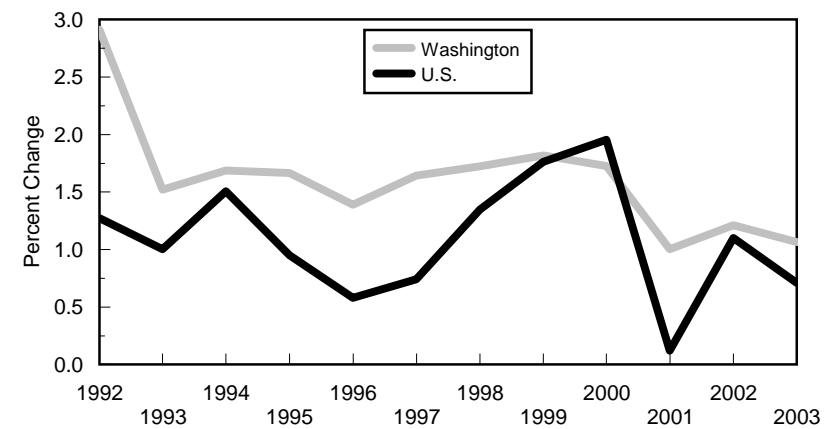


Chart 1.8
Government Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.9
Real Personal Income

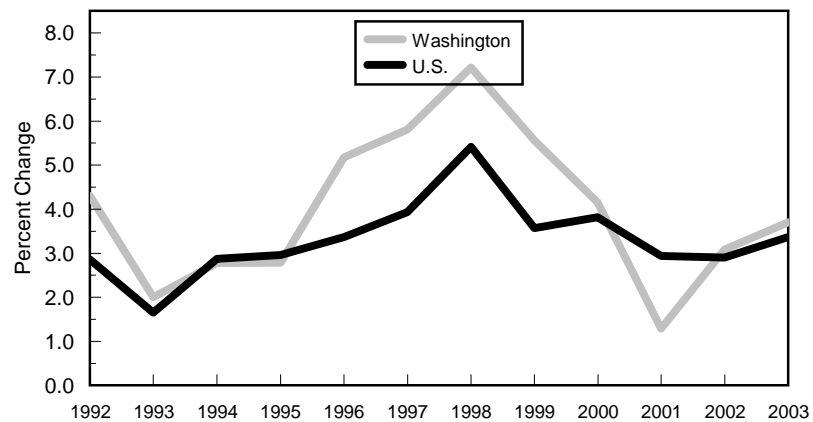


Chart 1.10
Consumer Price Indices

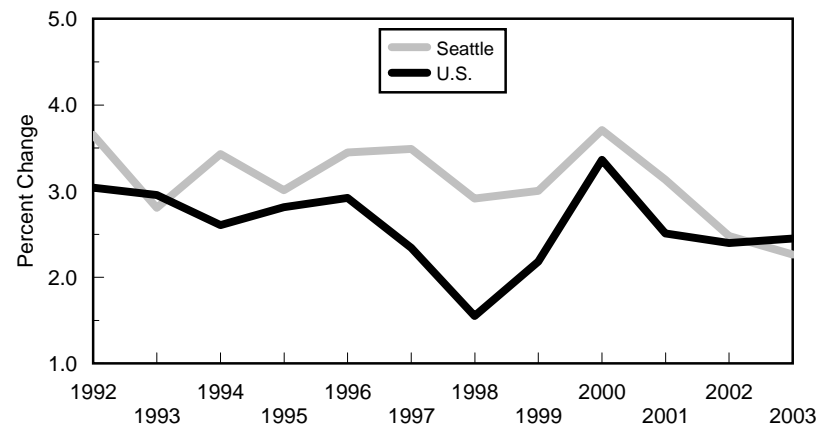


Chart 1.11
Population

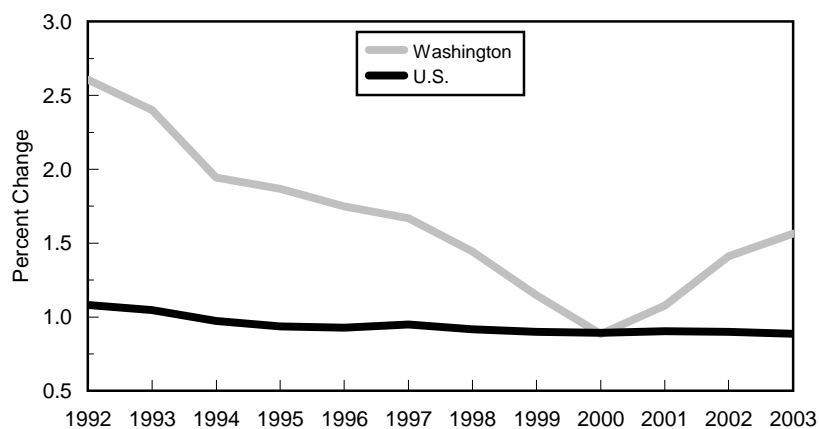
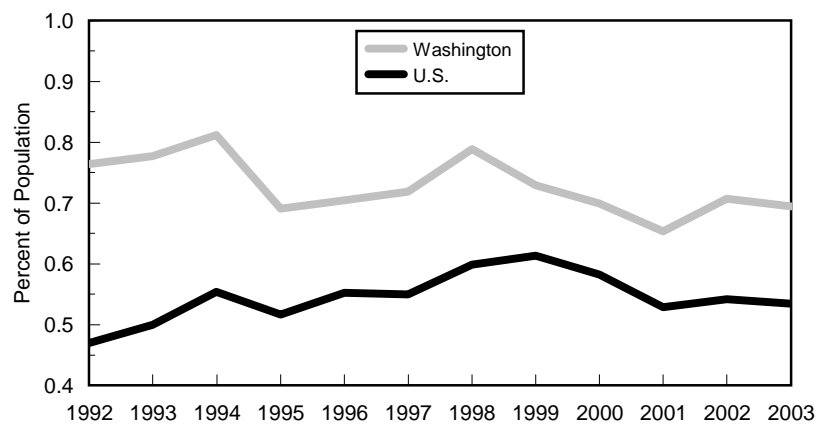


Chart 1.12
Per Capita Housing Units



Comparison of Alternative U.S. Forecasts

Chart 1.13
Real GDP

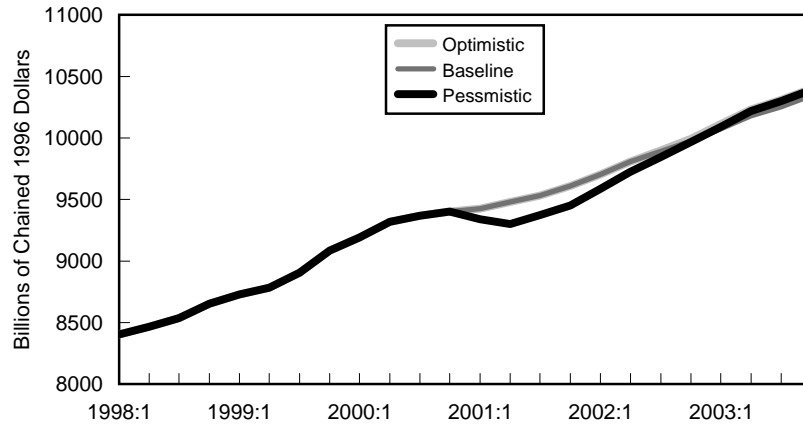


Chart 1.14
Implicit Price Deflator

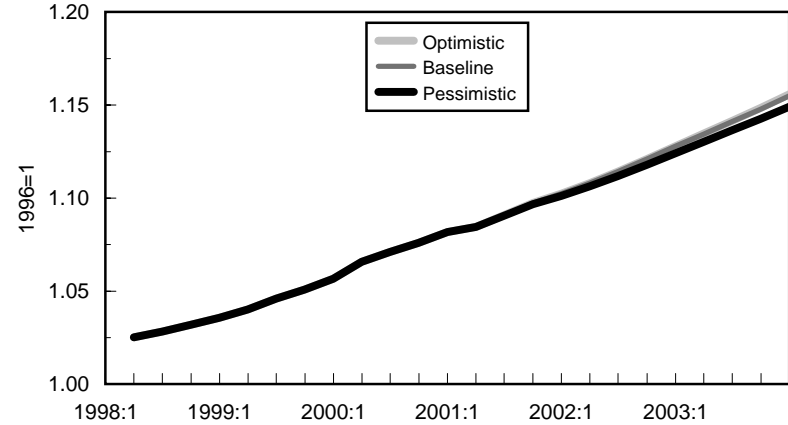


Chart 1.15
Mortgage Rate

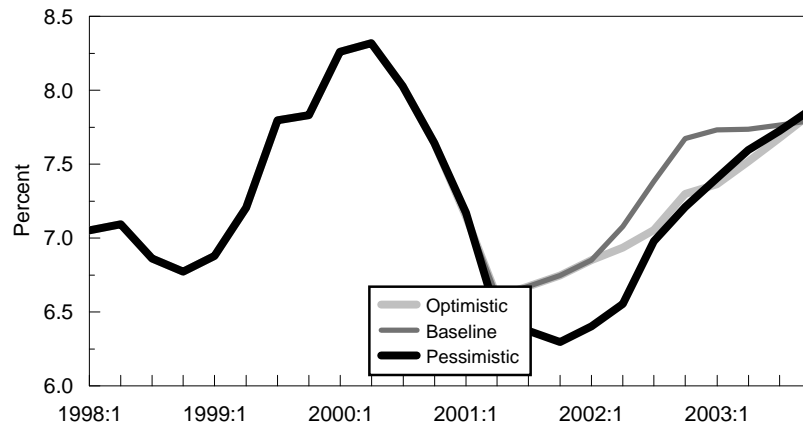
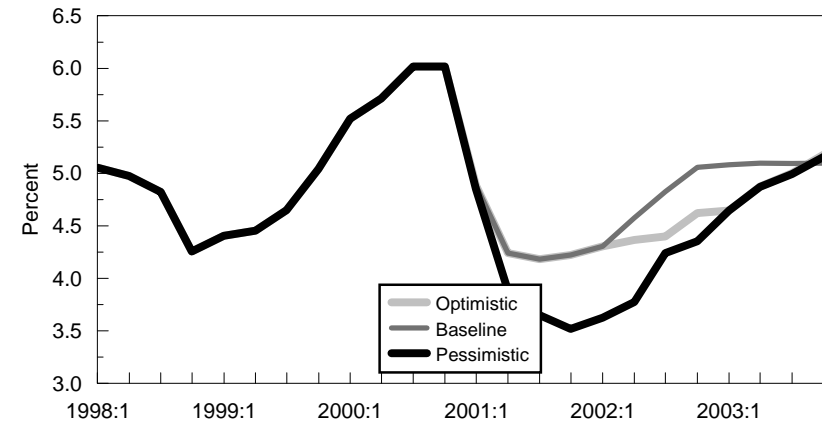


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

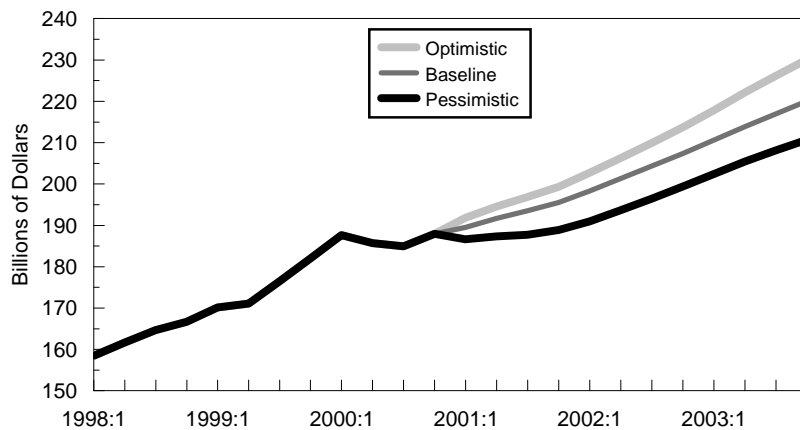


Chart 1.18
Real Personal Income

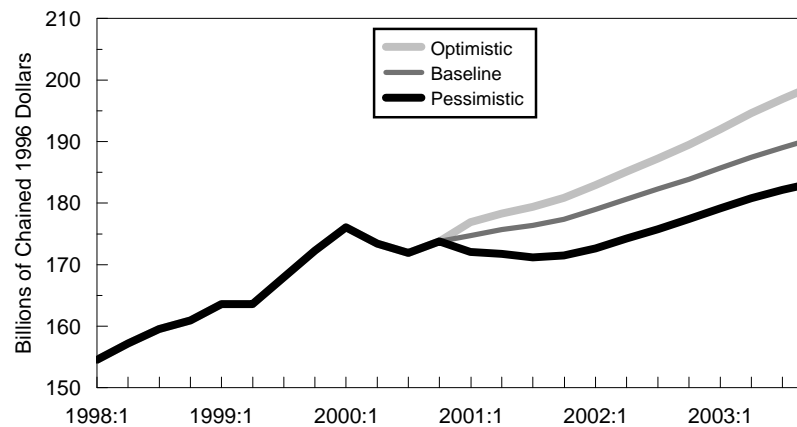


Chart 1.19
Nonagricultural Employment

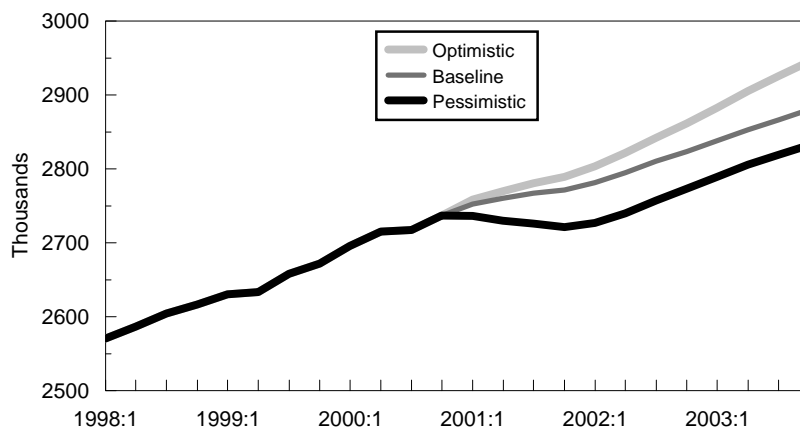
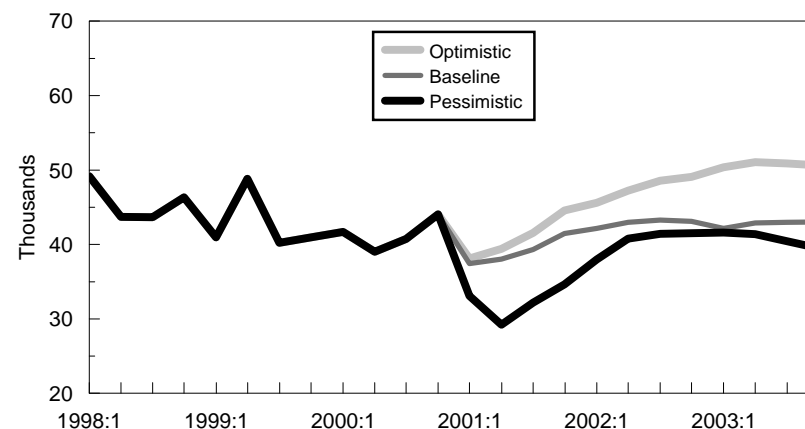


Chart 1.20
Housing Permits



Washington Business Indicators

The National Economy

The U.S. economy is still expanding but at a much slower pace. Real Gross Domestic Product (GDP) increased only 1.0 percent in the fourth quarter*. This was less than half as fast as last quarter's 2.2 percent increase and was well below the 5.6 percent increase in the second quarter. The 1.0 percent increase in the fourth quarter was the weakest gain since the second quarter of 1995. Still despite a weak fourth quarter, growth for all of calendar 2000 was a remarkably strong 5.0 percent. This is the largest annual increase since 1984. Slower fourth quarter growth was expected. The March forecast assumed a 1.4 percent gain. The primary drag on fourth quarter GDP growth was a decline in investment spending and weakness in net exports. Real investment spending declined in the fourth quarter for the first time since the second quarter of 1998. Exports declined for the first time since the first quarter of 1999. It could have been much worse. Consumer confidence fell sharply in the fourth quarter; in fact it fell five consecutive months from October 2000 to February 2001 before turning up in March. However, the fall in confidence did not translated into a significant retrenchment on the part of consumers. Real consumer spending was up a modest 2.8 percent in the fourth quarter. Although this reflects a deceleration from the 4.5 percent increase in the third quarter, it suggests that consumers are not as bearish as some had feared.

Some economists think the economy is in recession. Manufacturing probably is. After hitting a cyclical peak in December of 1999, the National Association of Purchasing Management Index has fallen 12 of the last 14 months. The index has been below 50 for seven consecutive months. The February 2001 index level is 41.9. An index reading below 50 indicates that manufacturing is generally contracting. An index level below 42.4 indicates that the overall economy may be contracting. Other indicators have signaled that the economy clearly has slowed but it remains in relatively good shape. The U.S. unemployment has drifted up, from 3.9 percent in September and October to 4.2 percent in January and February. Still the unemployment rate is quite low by historical standards and February's unemployment rate is only 0.1 percent higher than a year ago. Prices have remained pretty stable but have started to edge up due in part to the sharp increase in energy costs. The consumer price index was up 0.6 percent in January but only 0.3 percent February. It was up 0.2 percent in October, November and December. Consumer prices were up 3.4 percent on average in calendar year 2000 and the February 2001 index is 3.5 percent the year-ago level. The Conference Board reported that its Index of Consumer Confidence rose in March after declining for five consecutive months. The March increase is a welcome sign that consumers' assessment of

economic conditions is not as bad as some had feared. The Conference Board also reported that the U.S. Index of Leading Indicators declined 0.2 percent in February. The index has declined four of the last five months. Five of the ten indicators increased in February and five fell. Although the index indicates a slowing economy the Conference Board does not believe it is signaling a recession. The index is 1.6 percent below its cyclical peak in January 2000.

The Federal Open Market Committee (FOMC) has aggressively cut interest rates since January. The FOMC made a rare inter-meeting cut in the Federal Funds rate in early January. The rate was cut from 6.5 percent to 6.0 percent. It again made cuts of 0.5 percent at its January 31, 2001 and March 20, 2001 meetings. Although the Fed believes conditions have improved a little since late in the fourth quarter, it remains concerned about weak investment and consumer spending. Weakness abroad is also a growing concern. The consensus among economists is that more rate cuts are in store. The March forecast assumes the FOMC will reduce the Federal Funds rate to 4.75 later in the year.

The State Economy and Indicators

Economic growth in Washington improved in the fourth quarter despite a weaker national economy. Both personal income and employment growth accelerated in the fourth quarter. Washington wage and salary employment grew at a 2.9 percent annual rate in the fourth quarter, up from only a 0.3 percent increase in the third quarter. Excluding the distortion due to the layoff of temporary Census workers, employment growth improved from 1.1 percent in the third quarter to 3.3 percent in the fourth quarter. Despite the overall improvement there are areas of concern. The manufacturing sector remains weak, with employment falling 1.6 percent in the fourth quarter. Manufacturing employment has now declined ten consecutive quarters after adjusting for the impact of the Boeing strike in the first quarter of 2000. The state's seasonally adjusted unemployment rate rose from 5.0 percent in January 2001 to 5.5 percent in February and from 5.2 percent a year ago. February's 5.5 percent unemployment rate is the highest since December of 1996.

For the fifth consecutive month the Tri-Cities reported the strongest year-over-year job growth, with employment in February 2001 up 4.6 percent. February job growth was also relatively strong in the Seattle PMSA, with employment up 3.0 percent from a year ago. The Tri-Cities and Seattle were the only areas growing faster than the 2.4 percent statewide average in February. Job growth in the Spokane MSA was close, with employment up 2.3 percent from a year-ago. However, job growth in other parts of the state was slower. In Clark County February employment was up 1.7 percent. In the Bellingham MSA employment was up 1.5 percent and employment grew 1.0 percent in the Bremerton PMSA. Employment grew only 0.8 percent in the Yakima MSA, 0.6 percent in the Tacoma PMSA and only 0.2 percent in the Olympia MSA.

The Washington Purchasing Management Index rose in February to 46.5 after plunging in January to 44.7 from 55.0 in December. The drop in January put the index at its lowest point since July 1998, near the beginning of the last aerospace contraction. The index has been below 50 level the last two months, which indicates contraction in the manufacturing sector. Washington's boom monitor index fell to 46.7 in February 2001 from 53.1 in January. The boom monitor index is designed to signal when the Washington economy exceeds the limit of sustainable growth. When the index exceeds 50, its long run average, the economy is considered to be expanding above trend; when it exceeds 70, one standard deviation from its long run average, the growth of the economy is considered unsustainable. The index has decline the last two months and is now below 50 for the first time since January 1997. Six of the seven components of the index were down in February.

The Washington Index of Leading Indicators also fell in February to 99.6 from 100.6 in January. February's decline was the largest one-month drop since July 1995 and brings the index to its lowest level since May of 1996. Four of the seven components of the index pushed it down in February: an increase in the exchange rate, along with declines in multi-family building permits, average hourly earnings in manufacturing and the U.S. leading index. Three components were higher: single family building permits, a decline in initial claims for unemployment insurance and aerospace employment. Multi-family building permits fell to their lowest level since January 1993 and was the single biggest reason for the large drop in the index in February. The weakness in the state index of leading indicators and the boom monitor index signals that Washington's economic growth is likely to slow.

*This is based on the most recent data from the Bureau of Economic Analysis (the final GDP estimates for the fourth quarter of 2000 released March 29, 2001).

Washington State Economic Indicators

Chart 2.1
Year-over-Year Employment Growth
January 1980 to February 2001

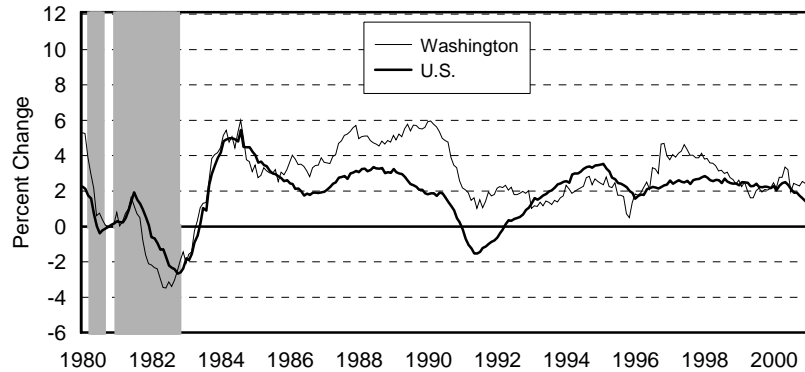


Chart 2.2
Washington Aircraft and Parts Employment
January 1958 to February 2001

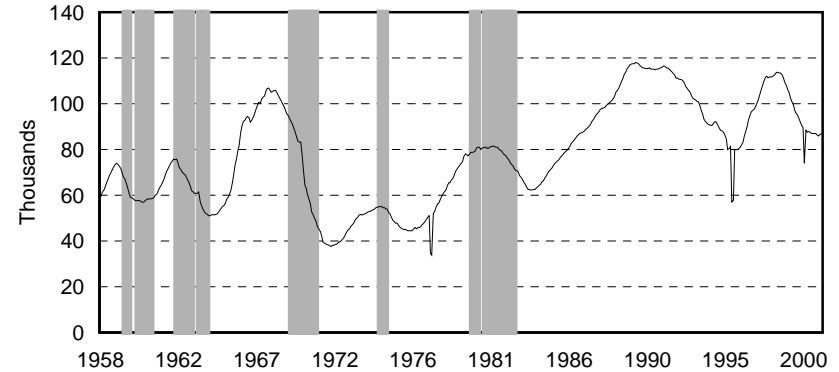


Chart 2.3
Unemployment Rate
January 1980 to February 2001

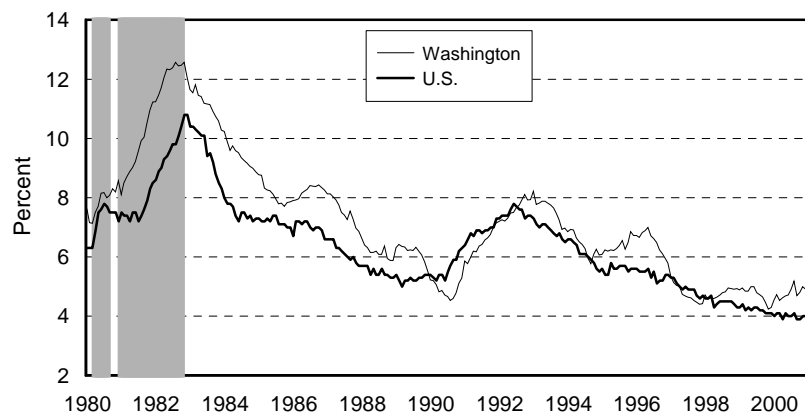
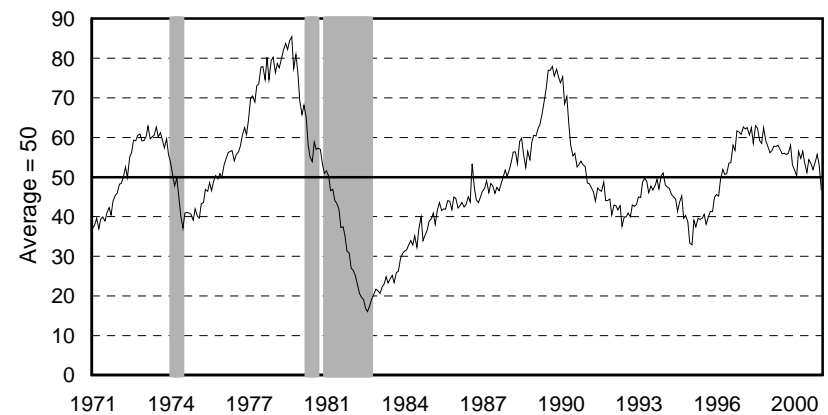


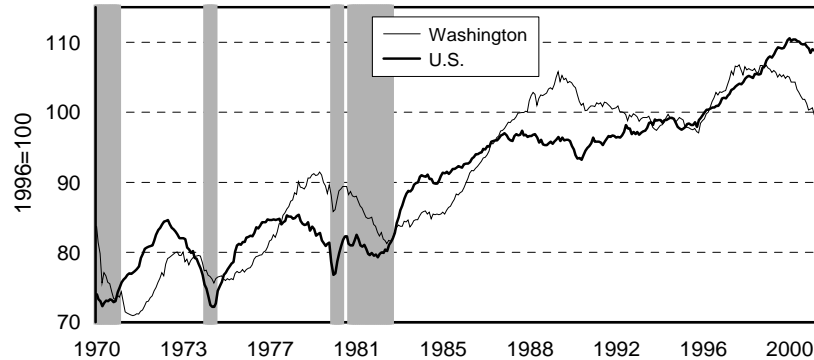
Chart 2.4
Washington Boom Monitor Composite Index
July 1971 to February 2001



* Shaded areas correspond with Washington employment downturns.

Washington State Leading Indicators

Chart 2.5
The Washington and U.S. Indexes of Leading Indicators
January 1970 to February 2001*



*The WA and US indexes were comprehensively revised in Mar. and Jan. 2001, respectively

Chart 2.6
Washington Initial Claims for Unemployment Insurance
January 1970 to February 2001

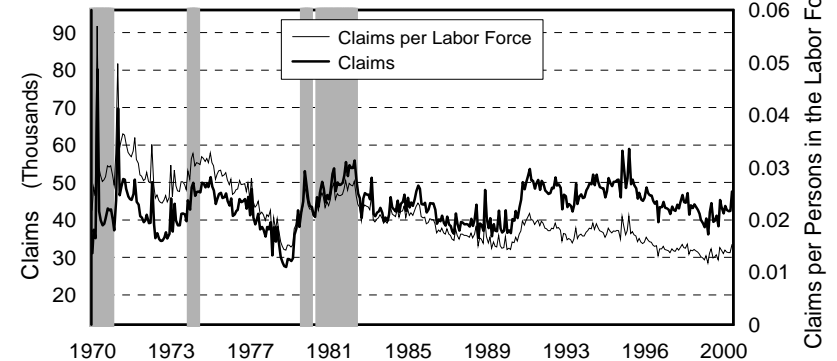
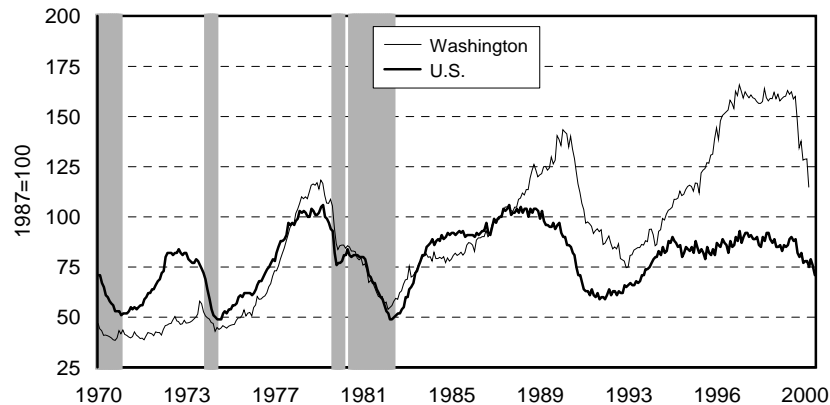


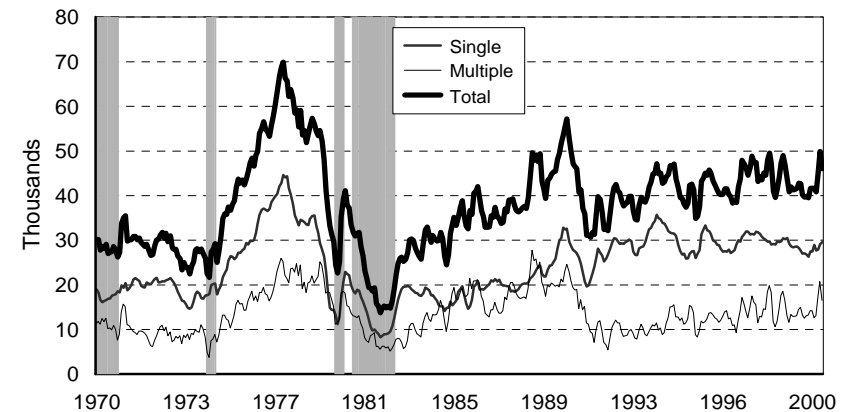
Chart 2.7
Seattle Times and U.S. Help-Wanted Advertising Indexes**
January 1970 to February 2001



Shaded areas in all charts correspond with Washington employment downturns.

**The Seattle Times Help-Wanted Index has been suspended since Dec. 2000 because of strike.

Chart 2.8
Housing Units Authorized in Washington State
January 1970 to February 2001, 3-Month Moving Average



Other State Economic Indicators

Chart 2.9
Average Weekly Hours in Manufacturing
January 1970 to February 2001, 3-Month Moving Average

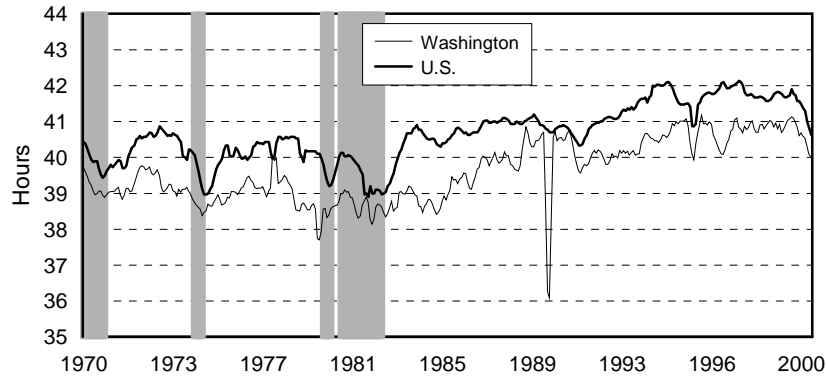


Chart 2.10
Washington Driver's License Migration
September 1983 to February 2001, 12-Month Moving Average

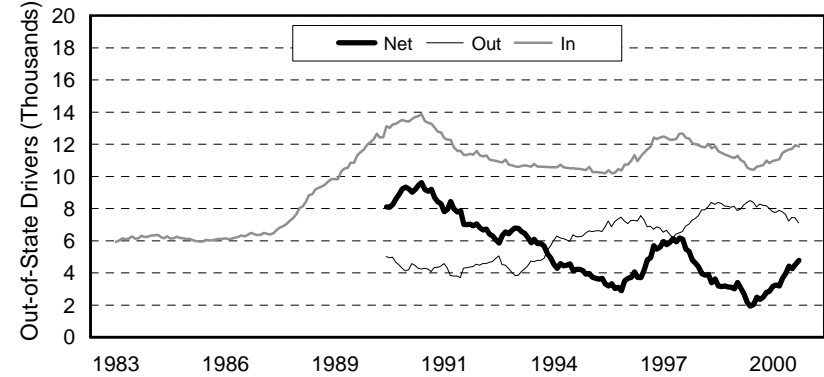


Chart 2.11
New Car and Truck Registrations in Washington
January 1977 to February 2001, 6-Month Moving Average

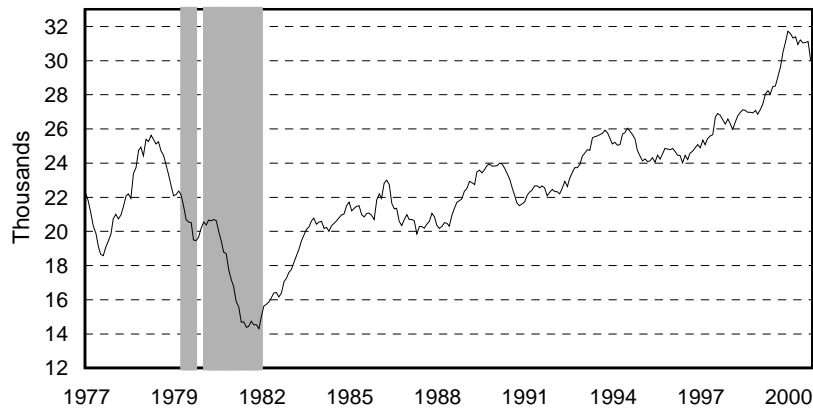
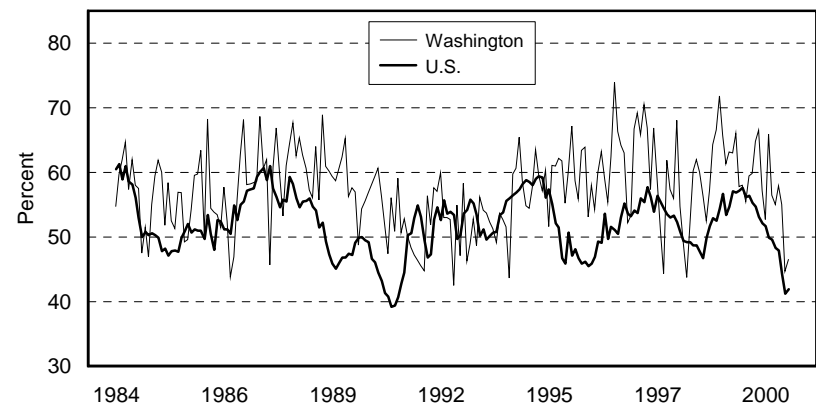


Chart 2.12
Purchasing Management Composite Index
January 1984 to February 2001



* Shaded areas correspond with Washington employment downturns.

Other Economic Indicators

Chart 2.13
Quarterly U.S. Real GDP Growth
1970 Q1 to 2000 Q4

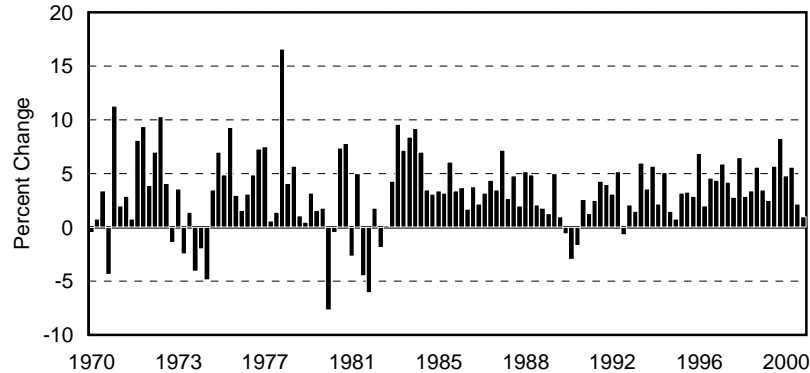


Chart 2.14
Washington State Export Composition
Change from Same Quarter Year Ago

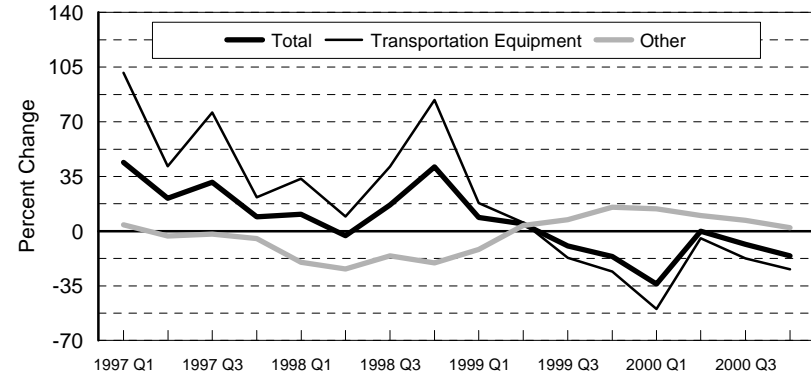


Chart 2.15
U.S. Economic Indicators
January 1970 to February 2001

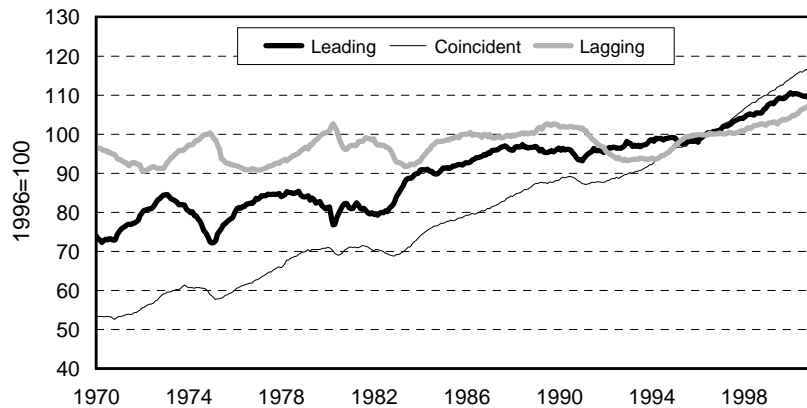
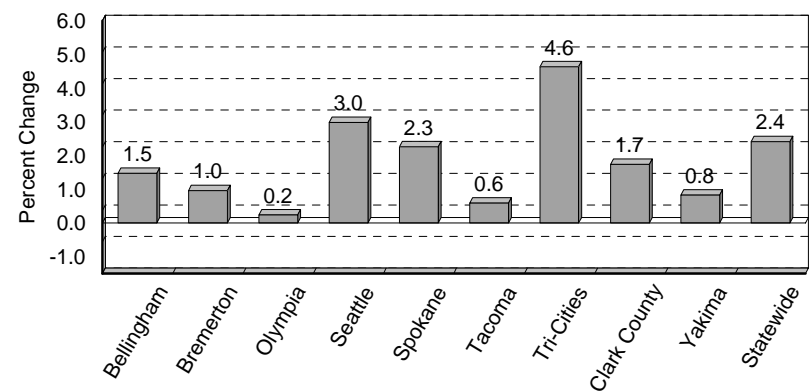


Chart 2.16
Employment Growth in Metropolitan Areas of Washington
February 2000 to February 2001 Change



* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Other Economic Indicators

Chart 2.17
Federal Funds Target Rate
October 1990 to March 2001

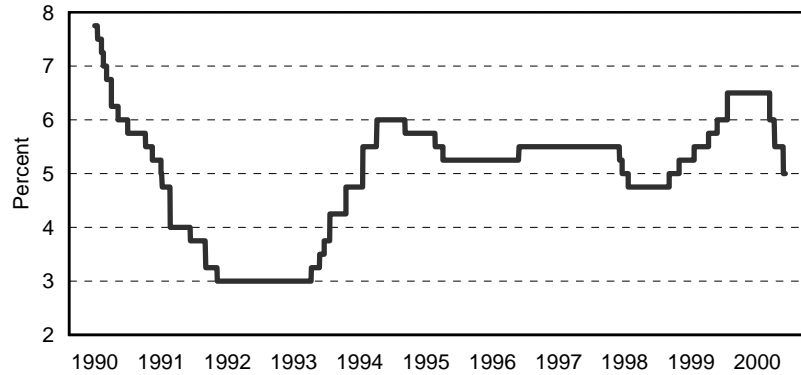


Chart 2.18
Consumer Confidence
January 1978 to March 2001

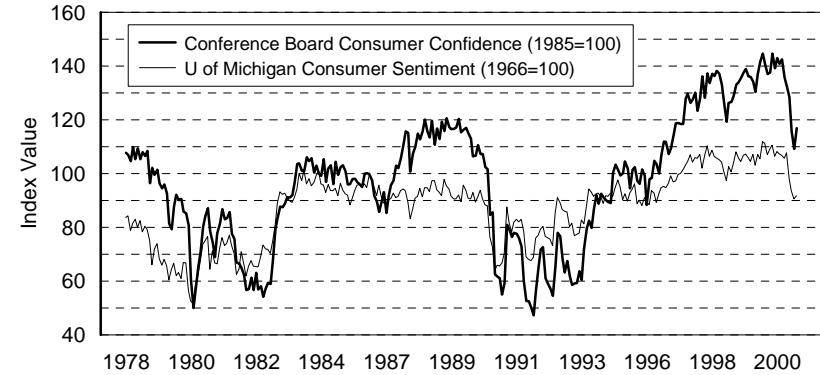


Chart 2.19
Seattle vs U.S. CPI (All Urban Consumers)
December 1998 to February 2001

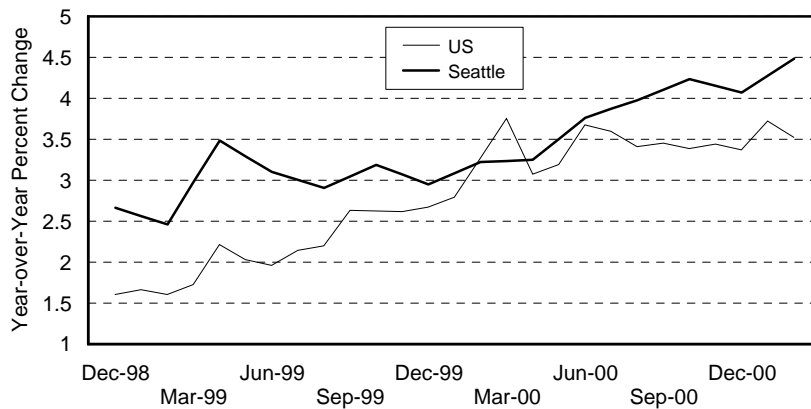
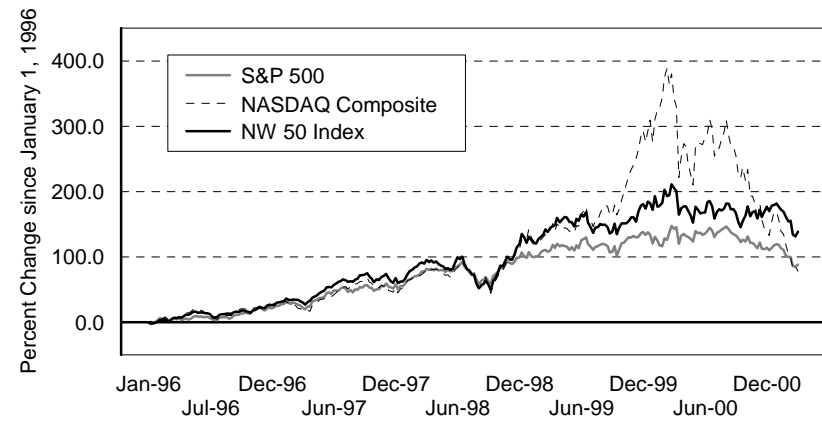


Chart 2.20
Northwest 50 Regional Stock Index vs. National Indices
January 1996 to March 2001



* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Table 2.1

Washington Business Indicators

Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising	Washington Purchasing Management Index	U.S. Purchasing Management Index
1998:11	106.7	106.4	157	90	60.0	47.7
1998:12	106.3	106.6	164	88	NA	46.7
1999:01	106.7	107.4	159	92	52.5	49.9
1999:02	106.3	107.8	158	92	57.2	51.7
1999:03	106.2	108.0	159	89	64.3	52.9
1999:04	105.7	107.8	159	87	66.6	52.5
1999:05	106.0	108.3	162	89	71.8	54.4
1999:06	105.7	108.9	159	85	65.7	56.7
1999:07	105.0	109.3	161	85	61.4	53.4
1999:08	105.4	109.2	158	86	63.2	54.7
1999:09	105.1	109.1	159	83	63.0	57.1
1999:10	105.4	109.2	160	86	66.0	56.9
1999:11	104.8	109.7	160	85	57.8	57.2
1999:12	105.2	110.3	163	86	58.0	57.6
2000:1	105.0	110.6	161	89	55.5	56.2
2000:2	104.3	110.2	162	90	59.5	56.4
2000:3	104.3	110.4	159	88	59.8	55.3
2000:4	104.3	110.4	160	89	64.8	54.7
2000:5	103.3	110.2	148	82	66.5	53.1
2000:6	102.9	110.1	134	80	57.2	52.1
2000:7	102.3	109.8	138	82	52.7	51.7
2000:8	101.9	109.7	128	77	65.9	49.9
2000:9	101.8	109.8	129	78	56.4	49.6
2000:10	101.2	109.4	129	78	55.1	48.3
2000:11	100.3	109.1	115	75	57.9	47.9
2000:12	100.5	108.5	NA*	79	55.0	44.3
2001:1	100.6	109.0	NA*	76	44.7	41.2
2001:2	99.6	108.8	NA*	71	46.5	41.9

*Temporarily unavailable due to strike

Washington State Revenue Forecast Summary

Introduction

The Economic and Revenue Forecast Council approved a \$31.8 million increase to the General Fund-State (GFS) revenue forecast at its March 16, 2001 meeting. Although GFS revenue is expected to be a little higher over the next three years than what was assumed in November, the March forecast is not all good-news. The revenue outlook for the current biennium is up \$143.5 million from November, but the forecast for the 2001-03 biennium was reduced \$111.6 million. The primary reason for the increase to the forecast for the current biennium is much higher than expected collections in the last four months. An adjustment to the impact of Initiative 722 added \$9.5 million to the forecast for this biennium. Although the forecast has anticipated a slowdown for some time, the bad news is that the economic outlook has deteriorated since the November forecast further weakening the prospects for economic and revenue growth. This has reduced the General Fund-State revenue outlook for the 2001-03 biennium by \$123.9 million. This reduction is offset a little by an increase of \$12.3 million due to adjustments to the impact of Initiatives 722 and 728 on next biennium's GFS revenue.

The U.S. economy has slowed but it is still enjoying its longest economic expansion in its history. Nationally, real gross domestic product (GDP) growth slowed to 1.4 percent (advanced estimate) in the fourth quarter, the weakest increase since the second quarter of 1995. Nationally, growth is expected to weaken early in 2001 as consumer spending slows in the face of weaker employment and income growth. A depressed equity market and higher energy prices are expected to erode consumer confidence and further weaken spending. Economic growth in Washington is also expected to moderate in calendar year 2001.

Table 3.1			Cash Basis
Revision to the General Fund-State Forecast			
March 2001			
(Millions of dollars)			
	1999-01 Biennium	2001-03 Biennium	Total
Forecast Change	\$133.9	(\$123.9)	\$10.0
Non Economic Change ¹	<u>\$9.5</u>	<u>\$12.3</u>	<u>\$21.8</u>
Total Change*	\$143.5	(\$111.6)	\$31.8

¹ Adjustments to the Impact of Initiatives 722 and 728 on GFS revenue.

*Detail may not add to totals due to rounding

Although growth is expected to slow, employment growth was stronger than expected in the fourth quarter of 2000. January revenue was also much stronger than expected. This helped to generate more GFS revenue than forecast in November. The stronger than anticipated revenue growth over the last four months was the primary reason for the increase in the GFS revenue forecast for the 1999-01 biennium. Revenue growth for the remaining two quarters of the biennium is expected to weaken considerably. Yet, for the biennium as a whole, revenue growth in the 1999-01 biennium will be, with the exception of the 1997-99 biennium, the best in ten years. General Fund-State revenue in the 1999-01 biennium is now expected to total \$21,312.4 million, \$1.7 billion more than in the 1997-99 biennium.

Higher projected revenue has improved the outlook for the 1999-01 GFS ending balance. Total resources for the 1999-01 biennium (revenue plus a beginning balance of \$462 million) are projected to exceed current appropriations by \$922.2 million. The March estimate of the 1999-01 ending balance is up from \$779.8 million in November. Revenue above the Initiative 601 spending limit are now expected to trigger a transfer of \$377.7 million to the Emergency Reserve Fund. This is up \$143.4 million from the \$234.3 million expected in November. The balance in the Emergency Reserve Fund is limited to 5 percent of GFS annual revenue and is expected to increase to \$544.0 million, \$7.2 million higher than in November. The majority of the addition revenue transferred to the Emergency Reserve Account trigger larger transfers to the Student Achievement Account and the School Construction Account than expected in November. The total GFS unreserved ending balance is now projected to be \$566.4 million, \$16 million higher than in November. These ending balance estimates are based on a 1999-01 appropriation level of \$20,851.1 million. This is prior to any 2001 supplemental budget changes.

The General Fund-State revenue forecast for the 2001-03 biennium, which begins July 1, 2001 is expected to total \$22,215.5 million. This is \$0.9 billion, 4.2 percent, more than the current estimate for the 1999-01 biennium. The March forecast for the 2001-03 biennium is \$111.6 million less than in November. The lower forecast primarily reflects a weaker economic outlook. Economic growth is expected to slow more than expected in 2001 as slower employment growth and a depressed stock market weaken consumer confidence and spending. Higher energy costs are also expected to be a drag on consumer spending. Although economic growth is expected to turn up in calendar year 2002 the weaker economy is expected to slow revenue growth in the 2001-03 biennium. The reduction in GFS revenue due to a weaker economy is partially offset by a \$12.3 million increase due to adjustments to the impact of Initiatives 722 and 728.

Background and Assumptions

The Washington State GFS revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The GFS revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting the revenue it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible

for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's GFS sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of GFS revenue. These are the Department of Licensing, the Lottery Commission, the Office of the Insurance Commissioner, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of Financial Management is responsible for summarizing the forecasts of all other state agencies that collect relatively smaller amounts of GFS revenue.

For each quarterly update, the staff of the Economic and Revenue Forecast Council, under direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Data Resources Incorporated (DRI). A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. The DRI national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Economic Advisors, the economic forecast is used to prepare a baseline forecast of GFS revenue. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare a GFS revenue forecast. The revenue forecasts for most major General Fund sources are prepared using econometric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all GFS sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GFS revenue. An outline of the forecast process, including a summary of the March baseline forecast for the 2001-03 biennium (cash basis) is shown in Table 3.2.

March 2001 Forecast Assumptions

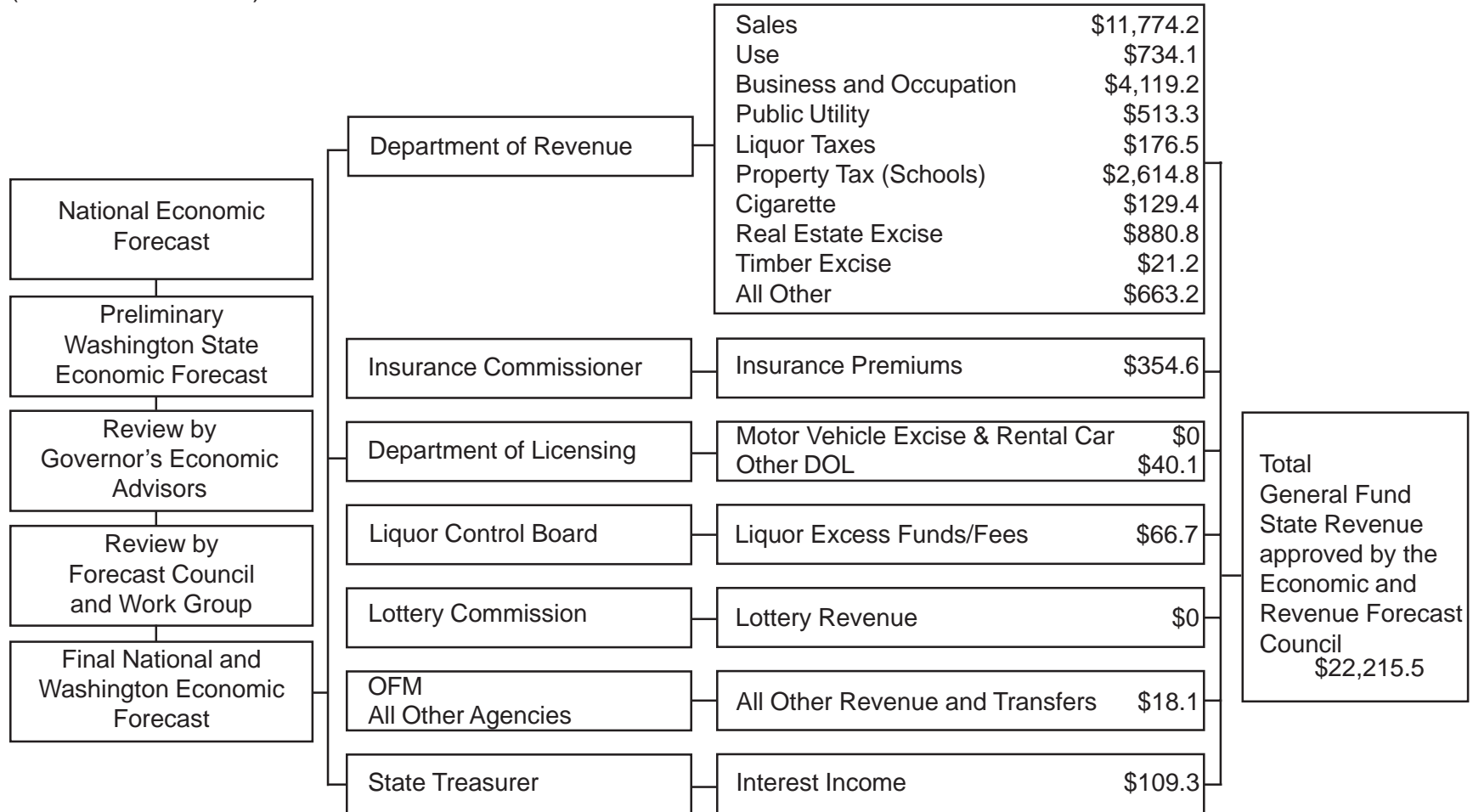
1. The March 2001 GFS forecast is based on current law and administrative practices. The baseline revenue forecast for the 1999-01 and 2001-03 biennia is based on the economic forecast presented in Chapter 1 of this publication. The outlook for the state's economy and revenue is in part based on a modification of the February 2001 DRI Control Forecast for the U.S.

2. The March forecast includes revisions to the GFS impact of Initiative 722 and 728. These initiatives were approved by voters in November and included in the November 2000 GFS forecast. Since November, Initiative 722 has been ruled unconstitutional by a Thurston County Superior Court judge. This decision increases the GFS forecast \$9.5 million in the 1999-01 biennium and \$39.2 million in the 2001-03 biennium. I-722 rolled back a variety of fees enacted after the passage of I-695 and limited the growth of the state property tax levy.

In addition, the cost to the General Fund of Initiative 728 has been revised up by \$26.9 million. Initiative 728 transfers proceeds from the state lottery and a portion of the state property tax levy from the General Fund to a newly created Student Achievement Account and the School Construction Account. In November I-728 was estimated to reduce GFS revenue by \$443.1 million in the 2001-03 biennium. The March forecast assumes these transfers will reduce GFS revenue by \$470 million. This change is due to expectations of a larger transfer of property tax revenue.

3. A provision of Initiative 728 changes the disposition of proceeds from the state Lottery. Prior to I-728 proceeds from the state lottery were deposited in the General Fund. Under provisions of Initiative 728 lottery revenue are dedicated to a newly created Student Achievement Account and to school construction. Since, lottery revenue are no longer part of the General Fund, the lottery forecast will no longer be included in this publication.

Table 3.2
Economic and Revenue Forecast Flow Chart*
 General Fund-State
 2001-03 Biennium
 (Amounts in millions)



* Cash Basis

4. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either have not yet been ruled on by the courts or are on appeal. Any impact on GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.

5. Revenue from higher education tuition and fees was removed from the General Fund in July 1992. Since 1992, revenues from tuition and fees have been placed into the operating fund of each individual college or university. Because of this change, there is a major discontinuity in the time series of GFS revenue beginning with the 1991-93 biennium. Tuition and fees are included in only one year of the 1991-93 biennium's GFS revenue total and are excluded from total GFS revenue after fiscal year 1993.

The forecasts of tuition and fee revenue are made by the individual universities, under the guidance of The Office of Financial Management. From July 1992 through February 2000, the tuition and fee forecast, although no longer part of the GFS forecast, was included separately in Chapter 3 of the Economic and Revenue Forecast publication. Since the Forecast Council is no longer directly involved in the tuition forecast, we have decided not to publish the tuition and fee forecast of the state's universities and colleges. This forecast is available through the Office of Financial Management.

6. There have been several legislative and other non-economic changes affecting actual receipts for the last few biennia as well as the forecast for the 1999-01 biennium. GFS receipts in the 1991-93 biennium include \$179 million due to tax law changes. Revenue collected in the 1993-95 biennium were a net \$330 million higher than they otherwise would have been as a result of action by the Legislature. Receipts for the 1995-97 biennium were reduced \$671 million due to legislation. Receipts for the 1997-99 biennium were reduced by \$549 million due to legislation enacted during the 1996, 1997 and 1998 legislative sessions. As of March 2001, new legislation and other non-economic changes (e.g. referendum 49) have reduced GFS revenue for the 1999-01 biennium by \$568 million.

Recent Collection Experience

GFS collections were \$117.6 million, 3.3 percent, more than expected in the four months since the November forecast. This variance overstates the strength of revenue, however, since more than half of it was due to special factors. Special, non re-occurring items increased reported GFS tax payments by \$67.0 million dollars. They included three unusually large audit payments, two large use tax payments and a delay in processing excise tax returns due to the February 28th earthquake. Special factors aside, GFS collection variance over the last four months was still quite large, \$50.6 million. This was despite evidence of weakness in the U.S. economy. The strength in revenue indicates that at the state level employment and income were likely a little better than assumed in November and that the impact of a weakening U.S. economy, falling stock prices and consumer confidence has not yet significantly affected spending. Revenue Act taxes (retail sales, business and occupation, use, public utility, and tobacco products taxes), which are the revenue sources most dependent on the strength of the economy, were \$117 million above expectations in total and \$50.0 million higher after adjusting for special factors. Public utility, business and occupation, use tax and penalty and interest receipts accounted for the positive variance. Sales tax payments were a little less than anticipated. Other major GFS taxes collected by the Department of Revenue were \$7.5 million less than expected in the last four months.

Surprisingly revenue growth improved in the fourth quarter. The growth of Revenue Act receipts (adjusted for special factors) was strong in the first half of calendar 2000, increasing 8.6 percent in the first quarter and 6.3 percent in the second quarter. Growth decelerated in the third quarter, increasing only 3.9 percent but rebounded in the final quarter of 2000 to 5.2 percent above the year-ago level. Perhaps even more surprising, Revenue Act receipts were up 8.4 percent in the most recent collection period (February 11 – March 10). Collections this period primarily reflect January 2001 business activity. This was especially surprising because first quarter tax payments a year-ago were very strong. Revenue growth, however, is expected to weaken over the next few months.

Preliminary data on excise tax payments for the most recent monthly collection period (February 11 - March 10) indicates that most of the strong growth in tax payments was outside the retail trade sector. Most major non-retailing sectors reported double-digit increases in year-over-year tax payments. The construction sector showed the most growth with payments 21 percent higher than a year ago. The service sector, the wholesaling sector and the transportation, communications and utilities sectors all reported strong double-digit increases. The Manufacturing sector was an exception. Tax payments reported by manufacturers were below the year-ago level. The retailing sector, which accounts for about half of total payments reported weaker than average growth this period. There were areas of strength in retailing. Food stores reported a double-digit increase in tax payments and general merchandise retailers, apparel and accessories retailers and miscellaneous retailers all reported strong single digit increases. However, the durable goods sector: auto retailers and furniture and household equipment retailers, reported a drop in year-over year tax payments. This was not totally unexpected since activity last January was exceptionally strong.

Table 3.3

Collection Variance, November 11 - March 10, 2001

Based on the November 2000 Forecast

(Millions of dollars)

<u>Agency/Source</u>	<u>Collection Variance*</u>	<u>Percent of Estimate</u>	Adjusted	
			<u>Collection Variance**</u>	<u>Percent of Estimate</u>
Department of Revenue				
Revenue Act ¹	\$117.0	4.3%	\$50.0	1.8%
Non Revenue Act ²	(\$7.5)	-0.9%	(7.5)	-0.9%
Subtotal	\$109.5	3.1%	42.5	1.2%
Department of Licensing ²	\$0.1	4.9%	0.1	4.9%
Lottery Commission ²	\$8.0	39.1%	8.0	39.1%
 Total***	 \$117.6	 3.3%	 \$50.6	 1.4%

¹ Revenue Act taxes consists of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections November 11, 2000 through March 10, 2001.

² Variance based on November 2000 - February 2001 collections.

Major Non-Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.

* Collection variance: actual tax payments compared to monthly estimates based on the November 2000 forecast.

** Variance excluding special factors: three large audit payments, 2 large use tax payments and a delay processing excise tax returns due to the February 28, 2001 earthquake.

***Detail may not add to total due to rounding.

Overall other GFS taxes collected by the Department of Revenue were \$7.5 million below the estimate for the four months since the November forecast. Most major taxes were a little below expectation. Shortfalls of property, cigarette, estate and real estate excise tax payments were partially offset by much higher than expected brokered natural gas payments. Brokered natural gas receipts more than doubled from a year-ago due to the explosion of natural gas prices.

Real estate activity remained relatively flat. Activity subject to the state real estate excise tax was up 4.5 percent in January 2001 but activity had declined three of the previous four months. Real estate excise activity was down 1.5 percent for calendar 2000. Lower mortgage rates likely have and will continue to help the real estate market. Notable in the January data was a 5.8 percent increase in the number of real estate transactions. This is the first increase in the number of transactions since last May. However, the decline in wealth due to the large drop in stock prices will likely hurt the high-end of the real estate market and put down pressure on the average sales price. Because of this the forecast is not expecting a major rebound in real estate activity despite lower mortgage rates.

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were \$0.1 million above the November forecast for the last four months. During the four-month period since the November forecast, Department of Licensing General Fund collections were 9.4 percent below the year-ago level. Lottery transfers to the General Fund were \$8.0 million above the forecast since November. Several weeks of large Lotto and Quinto jackpots generated strong sales. For the last four months, Lottery GFS deposits were 5.2 percent below a year ago, although for the fiscal 2001 to date, lottery transfers are well above, 51.7 percent, last year's level. Table 3.3 summarizes GFS collection experience since the November forecast.

The General Fund-State Forecast for the 1999-01 and 2001-03 Biennia

The March GFS revenue forecast for the 1999-01 biennium is \$21,312.4 million. This is \$1.7 billion (8.6 percent) higher than receipts in the 1997-99 biennium. GFS revenue increased 11.2 percent in the 1997-99 biennium. Revenue growth in the current biennium is weaker than the 1997-99 biennium because economic growth is slowing and because of tax law changes. Although economic growth for the 1999-01 biennium is strong and above the U.S. average, it is weaker than last biennium. Statewide, employment is expected to increase 4.8 percent in the 1999-01 biennium, well below the strong 7.1 percent increase in the 1997-99 biennium. Similarly, personal income growth in the 1999-01 biennium is slower than in the 1997-99 biennium. The slower income and employment growth this biennium is in part due to a weak aerospace sector, which saw employment decline during much of the biennium. Population growth is also a little weaker. Various tax law changes and reporting differences understate 8.6 percent increase in GFS revenue for the 1999-01 biennium. For example, the business and occupation tax rate on most services was lowered from 2.5 percent to 1.5 percent in fiscal 1999. Thus, service activity subject to the business and occupation tax is taxed at a lower rate for the entire 1999-01 biennium but was taxed at the 1.5 percent rate in only half of the 1997-99 biennium. Biennial revenue growth also is affected by the passage of Referendum 49, which removes the motor vehicle excise tax from the General fund, reducing GFS revenue for six months of the 1997-99 biennium but for the entire 1999-01 biennium. Adjusting for these and other major sources of discontinuity, the growth rate for the 1999-01 biennium is 11.6 percent. This is, with the exception of last biennium's 14.5 percent adjusted increase, the strongest since the 1989-91 biennium.

The outlook for the 2001-03 biennium continues to assume modest economic and revenue growth. The national economy is expected to avoid a recession and will continue to expand during the 2001-03 biennium. However, the rate of growth is expected to be a little weaker than in prior forecasts and slower than in the current biennium. Weaker national economic growth will slow Washington's economy and revenue. In addition, the aerospace sector, while not expected to be a drag on economic growth, is not expected to be much of a stimulus in the 2001-03 period either. The forecast of GFS revenue for the 2001-03 biennium is \$22,215.5 million. This is \$0.9 billion, 4.2 percent, above the current forecast for the 1999-01 biennium. The 4.2 percent revenue increase expected for the 2001-03 biennium is weaker than the 8.6 percent currently expected this biennium primarily because GFS revenue in the 2001-03 biennium has been significantly reduced due to the passage of Initiative 728. Revenue growth in the 2001-03 biennium after adjusting for the impact of this initiative is 6.4 percent, still significantly below the 11.6 percent adjusted growth expected in the 1999-01 biennium. Real revenue growth of major excise taxes in the 2001-03 biennium is forecast to be weaker than the growth expected for the 1999-01 biennium but similar to that of the 1993-95 and 1995-97 biennia.

Washington has no personal or corporate income tax. Three taxes: sales and use, business and occupation and the property tax (state school levy), comprise the majority of Washington's total GFS revenue. These three taxes accounted for more than 83 percent of the \$19.6 billion total GFS cash receipts in the 1997-99 biennium. This percentage rises to 85.3 percent of total revenue in the 1999-01 biennium and to 86.7 percent in the 2001-03 biennium. The jump in the 1999-01 biennium is primarily due to the removal of motor vehicle excise tax revenue from the General

Fund as a result of Referendum 49. The jump in the 2001-03 biennium is primarily due to the re-disposition of lottery proceeds from the General Fund to the Student Achievement Account and School Construction Account under provisions of Initiative 728. The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 80 percent in the 1991-93 biennium and from 75 percent twenty years ago. The retail sales and use tax, the state's

Table 3.4
General Fund-State Collections*
(Millions of dollars) Cash Basis

Biennium	Current Dollars	Percent Change	1996 Chained Dollars	Percent Change
1961-63	\$817.1		\$3,362.6	
1963-65	866.2	6.0%	3,478.7	3.5%
1965-67	1,128.6	30.3%	4,357.5	25.3%
1967-69	1,440.5	27.6%	5,200.4	19.3%
1969-71	1,732.7	20.3%	6,188.5	19.0%
1971-73	1,922.1	10.9%	6,345.8	2.5%
1973-75	2,372.4	23.4%	6,772.5	6.7%
1975-77	3,395.0	43.1%	8,445.1	24.7%
1977-79	4,490.0	32.3%	9,785.8	15.9%
1979-81	5,356.4	19.3%	9,716.5	-0.7%
1981-83	6,801.4	27.0%	10,729.6	10.4%
1983-85	8,202.4	20.6%	11,952.7	11.4%
1985-87	9,574.6	16.7%	13,127.7	9.8%
1987-89	10,934.1	14.2%	13,919.4	6.0%
1989-91	13,309.0	21.7%	15,561.1	11.8%
1991-93	14,862.2	11.7%	16,237.3	4.3%
1993-95	16,564.6	11.5%	17,296.8	6.5%
1995-97	17,637.7	6.5%	17,638.8	2.0%
1997-99	19,620.1	11.2%	19,020.5	7.8%
1999-01 ^F	21,312.4	8.6%	19,877.6	4.5%
2001-03 ^F	22,215.5	4.2%	19,865.2	-0.1%

^F March 2001 Forecast

* Total General Fund-State collections-cash receipts basis. Includes rate, base and administrative changes. Modified cash basis: 1985-87 and prior; pure cash basis: 1987-89 and after. Changes among biennia may not be comparable because the collection totals shown here include the impact of rate, base and administrative changes.

Sources: Dept. of Revenue and the Office of Financial Management.
The Office of the Forecast Council's March 2001 Forecast.

Chart 3.1
General Fund-State Revenue

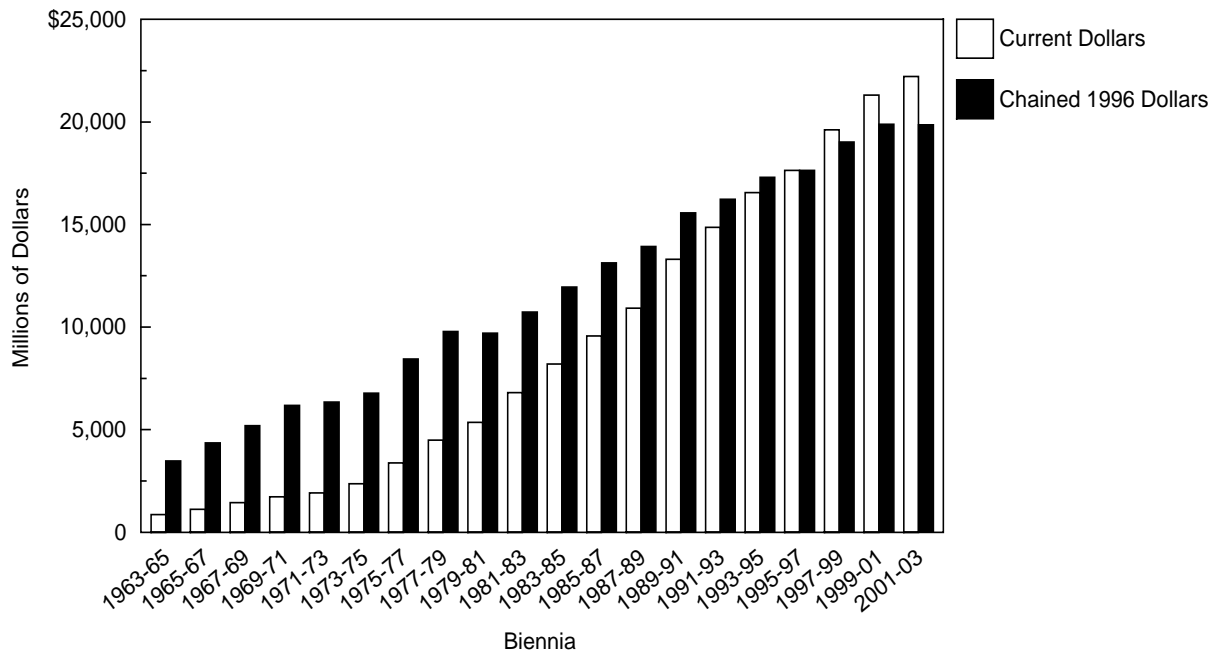


Chart 3.2
General Fund-State Revenue - Percent Change

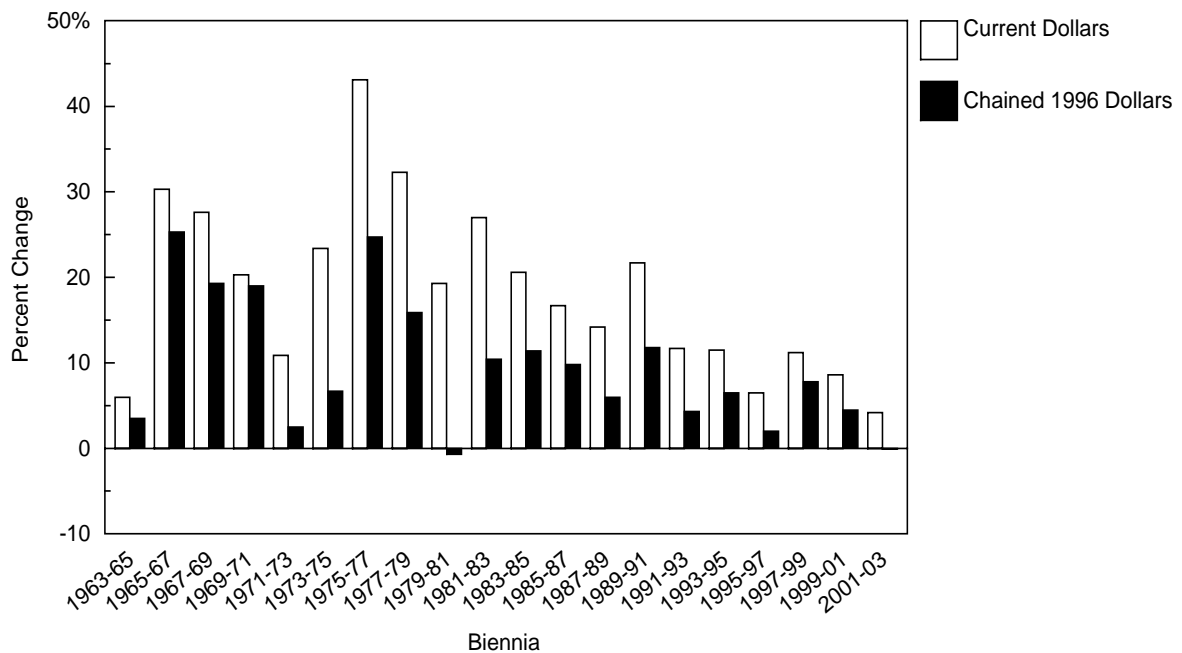


Chart 3.3
Composition of General Fund-State Revenue

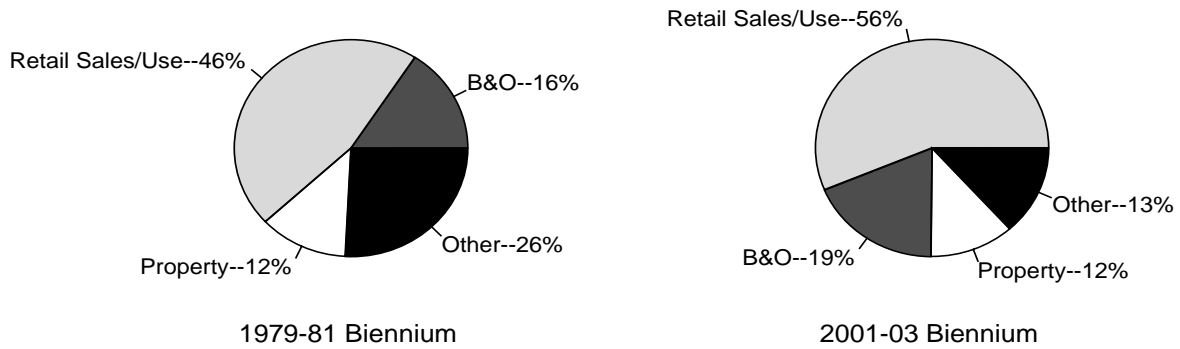
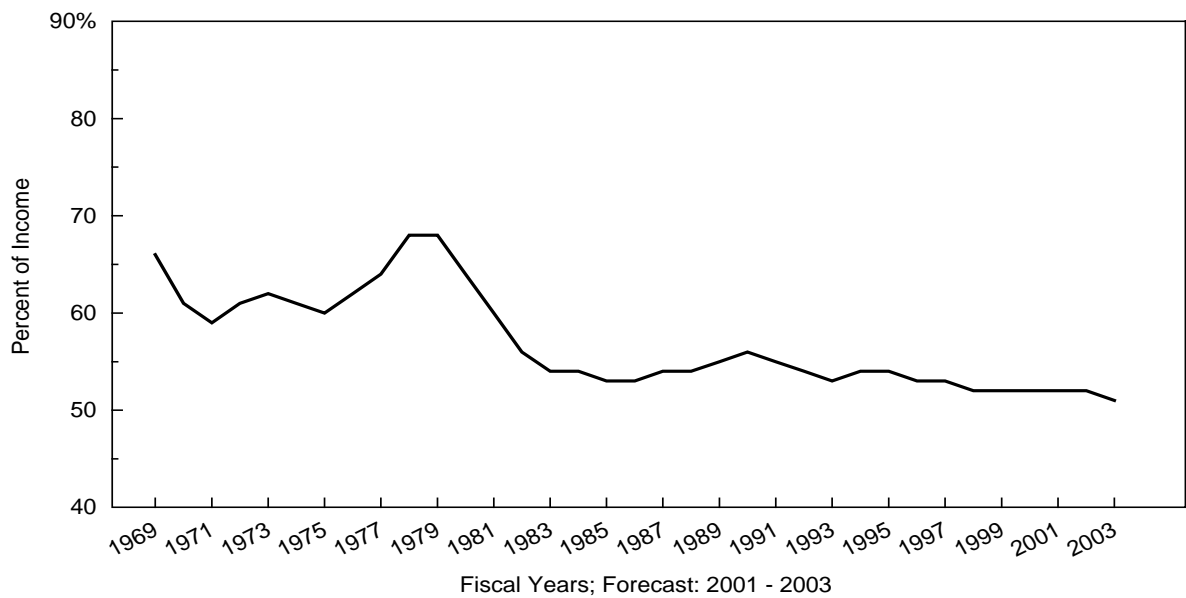


Chart 3.4
Taxable Sales* as a Percent of Personal Income



* Adjusted Base

largest revenue source generated \$10.3 billion, 52.4 percent of total GFS revenue in the 1997-99 biennium. Sales and use taxes are expected to produce \$11.8 billion, 55.1 percent of total GFS revenue in the 1999-01 biennium and \$12.5 billion, 56.3 percent of the total in the 2001-03 biennium. The business and occupation tax totaled \$3.6 billion in the 1997-99 biennium, 18.4 percent of total GFS revenue. This tax is expected to produce \$3.8 billion, 17.7 percent of the total, for the 1999-01 biennium and \$4.1 billion, 18.5 percent of the total, in the 2001-03 biennium. The property tax totaled \$2.5 billion (12.5 percent of the total) in the 1997-99 biennium. It is forecast to produce \$2.7 billion in the 1999-01 biennium and \$2.6 billion, 11.8 percent of total GFS revenue in the 2001-03 biennium. The reduction in the property tax share of total receipts reflect the impact of I-728 which transfers a portion of the state levy from the General Fund to the Student Achievement Account under provisions of I- 728.

Taxable sales (sales subject to the state 6.5 percent retail sales tax) in the third quarter of 2000 were 5.2 percent above the year-ago level. This was less than both the 10.0 percent increase in the first quarter of 2000 and the 6.8 percent year-over-year increase last quarter. Although some deceleration was expected given the very strong growth earlier in the year, third quarter growth was weaker than expected in the November forecast.

Analysis of growth of taxable sales in the third quarter of 2000 shows the retail trade sector, which accounts for about half of all taxable sales, was up 5.2 percent, the same as the overall total. Although this was a healthy gain, it was the weakest year-over-year quarterly increase since the first quarter of 1998. Retailing was led by an 8.2 percent increase reported by the auto/gasoline sector and a 7.1 percent increase in the general merchandise sector. Most other two-digit retail sectors reported third quarter increases in the four to six percent range. There were two exceptions: the furniture and household equipment sector reported an increase of only 1.3 percent while the building materials/hardware sector reported a 3.1 percent decline. The decline in building materials/hardware was the first since 1996 and the 1.3 increase in the furniture/

Table 3.5

Taxable Retail Sales*

March 2001 Forecast

(Millions of Dollars)

Fiscal Year	Amount	Percent Change
1974	11,877	
1975	13,380	12.7%
1976	15,493	15.8%
1977	17,626	13.8%
1978	21,121	19.8%
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,385	8.0%
2001 ^F	86,504	3.7%
2002 ^F	89,357	3.3%
2003 ^F	93,590	4.7%

^F Forecast.

* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984). Base extended to some personal services effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment) effective fiscal 1997. Changes in reporting, effective 1997. Additional exemptions effective fiscal 1999, 2000 and 2001.

household equipment sector is the weakest growth since 1982. Overall, taxable sales reported by non-retailing sectors also increased 5.2 percent. Activity varied widely among sectors. Taxable sales reported by the contract construction sector were above average, increasing 7.2 percent. However, this is only about half as fast as earlier in the year and growth was single-digit for the first time in ten quarters. This sector is a relatively large and important sector accounting for 15.5 percent of the sales tax base in the third quarter of 2000. Taxable sales reported by the service sector accelerated a bit, increasing 8.2 percent, after increasing only 4.2 percent last quarter. Taxable sales reported by the transportation, utilities and communications sector were up 7.8 percent, and the manufacturing sector reported a 6.6 percent increase. On the other hand, taxable sales reported by the wholesaling sector increased only 0.4 percent after growing only 0.1 percent last quarter.

Taxable sales in the central Puget Sound area remained strong in the third quarter, although the gap between the state's three largest counties (King, Snohomish and Pierce) and the rest of the state narrowed a bit. In the third quarter the retail sales tax base grew 6.6 percent in the state's three largest counties compared to 2.9 percent in the rest of the state. Taxable sales increased 7.4 percent in King County, but only 4.8 percent in Pierce County and 4.7 percent in Snohomish County. Taxable sales in Spokane County increased 8.2 percent. Eastern Washington counties as a whole reported taxable sales growth of 4.4 percent in the third quarter compared to 5.4 percent west of the Cascades. Taxable sales were up 5.6 percent in metropolitan counties in the third quarter while increasing only 2.3 percent in non-metropolitan counties.

At the national level, retail sales were up 7.3 percent in the third quarter of 2000 on a year-over-year basis, after increasing 7.6 percent in the second quarter. Preliminary data indicate that nationally, year-over-year retail sales growth slowed to 4.2 percent in the fourth quarter of 2000. Washington's taxable sales growth likely also slowed in the fourth quarter to about 3.6 percent.

Slower than expected taxable sales growth in the third and fourth quarter of 2000 along with a weaker economic outlook has reduced the forecast for taxable sales for fiscal 2001. The March forecast expects taxable sales growth to slow to 3.7 percent in fiscal 2001. This is a sharp deceleration from the 8.0 percent increase in fiscal 2000. Slower growth in fiscal 2001 is due to expectations of slower income and employment growth. In addition, the savings rate continues to fall, again hitting an all-time low in the fourth quarter of 2000. Personal saving is expected to slowly rebound throughout the forecast horizon, which will dampen consumption. Similarly, the economic forecast assumes that consumer confidence has peaked. Consumer confidence is expected to gradually decline in fiscal 2001. It is expected to rebound in fiscal 2002 but plateau at a level well below the level experienced in 1999 and 2000. This should also slow spending. In addition, higher outlays for energy due to skyrocketing energy prices will also dampen taxable sales growth. A lot of the strength in spending last year was due to a big increase in household wealth due to a rapidity increasing stock market. The decline in equity prices has reduced wealth dramatically in the past year. This is also expected to slow spending. Taxable sales growth is expected to improve in the 2001-03 biennium from the fiscal 2001 level, but will fall short of the strong gains experienced in fiscal, 1998, 1999 and 2000. Taxable sales are expected to grow 3.3 percent in fiscal year 2002 and 4.7 percent in 2003. Adjusted taxable sales grew about the same as personal income in fiscal 1999 but a little less than income in fiscal year 2000. Taxable sales growth is expected to exceed income growth in fiscal 2001 but grow a little less than income in both fiscal 2002 and 2003 as employment growth weakens.

Table 3.6

Summary of Changes to the General Fund-State Forecast

March 2001 Cash Forecast

(Millions of dollars)

1999-2001 Biennium		March 2001 Forecast Change
<i>Collection Experience—Adjusted</i>		\$117.6
Department of Revenue		
Major Excise ¹	117.0	
Other ²	(7.5)	
Department of Licensing ²	0.1	
Lottery Commission ²	8.0	
<i>Non Economic change³</i>		9.5
Adjustment for Court Decision affecting I-722		
change to the state levy	5.6	
adj. to rollback of fees increases	3.9	
<i>Forecast Change for Remainder of the 1999-01 Biennium</i>		16.4
Department of Revenue	9.4	
Department of Licensing	(0.3)	
Lottery	(3.0)	
All other	10.3	
<u>2001-2003 Biennium</u>		
<i>Non Economic changes³</i>		12.3
Adjustment to impact of Initiative 722	39.2	
Adjustment to impact of Initiative 728	(26.9)	
<i>Forecast Change for the 2001-03 Biennium</i>		
Department of Revenue	(125.8)	(123.9)
Department of Licensing	0.6	
All other	1.3	
<u>Total Change: 1999-01 & 2001-03 Biennia*</u>		\$31.8

¹ Variance based on collections from November 11- March 10, 2001; retail sales, B&O, use & public utility taxes.² Variance based on collections from November 2000 - February 2001.³ Adjustment to the impact of initiatives 722 and 728 (approved in the November 7, 2000 General Election and included in the November forecast).

* Detail may not add due to rounding

Forecast Change for the 1999-01 and the 2001-03 Biennia

The March 2001 GFS revenue forecast is \$31.8 million higher than in November. This includes a \$21.8 million increase due to non-economic changes and a small, \$10 million increase due to economic factors. The economic outlook has deteriorated since the November forecast yet the GFS forecast, non-economic factors aside, has been raised, albeit by only \$10 million. The sole reason for the increase is actual experience in the four months since the November forecast. Going forward, the outlook for revenue has deteriorated. The \$10 million increase due to economic factors consisted of a \$133.9 million increase to the 1999-01 biennium and a \$123.9 million reduction to the 2001-03 biennium. The large increase this biennium primarily reflects actual experience in the four months since the November forecast. During this period GFS receipts are a whopping \$117.6 million more than expected, accounting for nearly 90 percent of the total change for this biennium. Although more than half of this change, \$67.6 million, reflects some unusual, non-reoccurring payments, the remaining \$50 million is due to a stronger than expected economy. The change to the outlook for this biennium excluding collection experience reflects expected higher insurance premiums tax payments and higher interest earnings. It also expects an unusually large estate tax payment and an unclaimed property transfer that have already been earned but are not yet reflected in actual payments data, but will be by the end of the fiscal year. The weaker economic forecast, though it is expected to slow revenue growth for the remaining two quarters of the 1999-01 biennium, has much more of an impact on the GFS forecast for the 2001-03 biennium. The weaker economic outlook reduces the forecast for the 2001-03 biennium by \$123.9 million. This is partially offset by a \$12.3 million increase due to non-economic factors. The non-economic changes consisted of adjustments to the impact of Initiatives 722 and 728. These initiatives were passed by the voters in the November General Election and added to the forecast in November. Revisions to the GFS impact of these initiatives increase GFS revenue by \$21.8 million, \$9.5 million in the 1999-01 biennium and \$12.3 million in the 2001-03 biennium.

Table 3.6 summarizes the changes to the March 2001 cash forecast for the 1999-01 and 2001-03 biennia by type of change. Tables 3.7 and 3.8 summarize revisions to the GFS revenue forecast for the 1999-01 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Table 3.9 and 3.10 summarize the revisions to the GFS revenue forecast for the 2001-03 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides a fiscal year forecast by major revenue source (cash basis). Table 3.12 provides a summary of the non-economic changes to the GFS revenue forecast. Below is a brief summary of the changes to the GFS forecast due to the initiative and by agency.

Non-Economic Changes to the Forecast

The March GFS forecast is \$21.8 million higher due to adjustments to the impact of Initiatives 722 and 728. These initiatives were passed by the voters in the November 2000 General Election. Their impact on GFS revenue was included in the November 2000 forecast. In November they were expected to reduce GFS revenue by \$491.8 million. In March, the impacts of these initiatives on the GFS revenue forecast have been revised. Initiative 722 rolled back any tax or fee increase adopted between July 2, 1999 and December 31, 1999 and required them to be refunded to taxpayers. It also limited the increase to the regular property tax levy in the aggregate to the lesser of two percent or the rate of inflation. In December 2000 a Thurston County Superior Court judge ruled this initiative to be unconstitutional. As a result of this decision (unless overturned on appeal), GFS revenue

will be \$48.7 million higher than assumed in the November forecast, \$9.5 million in the 1999-01 biennium and \$39.2 million next biennium.

Initiative 728 directs a portion of the state property tax levy to a new Student Achievement Fund to be used for new allocations to school districts for class size reduction, extended learning opportunities and professional development. The Initiative also dedicates state lottery revenue, which are currently deposited in the state General Fund to the new Student Achievement Fund and to school construction. The provision of the initiative that transfers a portion of the state property tax levy from the General Fund to the Student Achievement Fund was estimated to reduce GFS revenue by \$238.3 million in the 2001-03 biennium in November. This estimate has been revised in March. The amount of the state levy transferred to the Student Achievement account is now estimated to total \$265.7 million, a \$26.9 million change (reduction to GFS revenue). The accounting of this transfer is also different in the March forecast. In November, the transfer was assumed to be made by the Office of Financial Management. In the March forecast the transfer is assumed to be made by the Department of Revenue. This accounting change results in an increase in the OFM “other agencies” forecast and a reduction to the Department of Revenue (property tax) forecast from November. Table 3.12 summarizes these non-economic changes to the March 2001 GFS forecast.

Department of Revenue

The Department of Revenue collects and administers the majority of GFS revenue, accounting for more than 97 percent of the total GFS revenue in the 2001-03 biennium. The March 2001 forecast of GFS revenue sources administered and collected by the Department of Revenue is \$236.3 million lower than in November. However, the majority of this, \$225.7 million, is due to non-economic reasons. The change to the forecast due to economic factors amounted to a net reduction of just \$10.6 million. The small net change, however, masks the fact there has been a significant reduction to the outlook for the 2001-03 biennium. While the forecast for the three-year period fiscal 2001 through fiscal 2003, is up \$10.6 million, non-economic changes aside, the forecast for next biennium is \$125.6 million lower due to a weaker economic outlook. The forecast for the current biennium is \$120.6 million higher than in November.

The \$120.6 million increase to the revenue forecast for the 1999-01 biennium is comprised of a \$115.0 million increase due to a stronger economy than anticipated in November and a \$5.6 million increase due to non-economic factors. A court decision in December invalidated Initiative 722. This increased the estimate for the state property tax levy in the 1999-01 biennium. The vast majority, \$109.5 million, of change due to economic factors is due to collection experience since the November forecast. The knowledge of two unusually large pending payments (totaling \$20 million) has increased the estate tax and unclaimed property forecast, which has also contributed to a higher outlook for the remainder of the 1999-01 biennium.

The forecast for Department of Revenue GFS revenue for the 2001-03 biennium has been reduced \$356.9 million. This change is comprised of a \$231.3 million reduction due to non-economic factors and a \$125.6 million reduction due to a weaker economic outlook. Initiative 728 passed by the voters in the November 2000 General Election and included in the November forecast, transfers some of the state property tax levy from the General Fund to the Student Achievement Account. In November this transfer was assumed to be made by the Office of Financial Management and was part of the OFM “other agencies” forecast. In March it is assumed that the transfer

Table 3.7

**Comparison of the General Fund-State Forecast by Agency
1999-01 Biennium; Cash Basis**

(Millions of dollars)

Forecast by Agency	November 2000 Forecast¹	Non- Economic Changes²	Forecast Revision	March 2001 Forecast	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$10,993.5	\$0.0	(\$21.2)	\$10,972.3	(\$21.2)
Business & Occupation Use	3,748.7	0.0	19.3	3,768.0	19.3
Public Utility	740.5	0.0	38.5	779.0	38.5
Liquor Sales/Liter	453.3	0.0	41.2	494.5	41.2
Cigarette	169.8	0.0	(0.1)	169.7	(0.1)
Property (State Levy)	138.0	0.0	(0.2)	137.7	(0.2)
Real Estate Excise	2,653.5	5.6	(1.0)	2,658.1	4.7
Timber Excise	804.6	0.0	(3.4)	801.3	(3.4)
Other	34.1	0.0	0.3	34.4	0.3
Subtotal	629.5	0.0	41.6	671.1	41.6
	20,365.4	5.6	115.0	20,486.0	120.6
<i>Department of Licensing</i>					
Boat excise, licenses & fees	41.6	0.0	(0.2)	41.3	(0.2)
<i>Insurance Commissioner</i>					
Insurance Premiums	339.1	0.0	7.8	346.9	7.8
<i>Liquor Control Board</i>					
Liquor Profits and Fees	54.1	0.0	0.6	54.7	0.6
Beer & Wine Surtax	3.3	0.0	(0.0)	3.2	(0.0)
<i>Lottery Commission</i>					
Lottery Revenue	198.3	0.0	5.0	203.3	5.0
<i>State Treasurer</i>					
Interest Earnings	139.6	0.0	8.7	148.3	8.7
<i>Office of Financial Management</i>					
Other	27.7	3.9	(3.0)	28.6	0.9
<u>Total General Fund-State *</u>	\$21,168.9	\$9.5	\$133.9	\$21,312.4	\$143.5

1 The General Fund State Revenue Forecast adopted by the Economic and Revenue Forecast Council in November 2000.

2 Adjustment to the impact of Initiative 722.

* Detail may not add to totals due to rounding.

Table 3.8
Comparison of the General Fund-State Forecast by Agency
1999-2001 Biennium; GAAP Basis
(Millions of dollars)

Forecast by Agency	November 2000 Forecast¹	Non- Economic Changes²	Forecast Revision	March 2001 Forecast	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$11,008.2	\$0.0	(\$21.4)	\$10,986.9	(\$21.4)
Business & Occupation Use	3,764.4	0.0	19.5	3,784.0	19.5
Public Utility	740.4	0.0	38.4	778.7	38.4
Liquor Sales/Liter	452.6	0.0	41.3	493.9	41.3
Cigarette	170.6	0.0	(0.1)	170.5	(0.1)
Property (State Levy)	139.2	0.0	(0.2)	139.0	(0.2)
Real Estate Excise	2,657.2	5.6	(0.7)	2,662.1	4.9
Timber Excise	806.1	0.0	(3.4)	802.7	(3.4)
Other	34.1	0.0	0.3	34.4	0.3
Subtotal	620.1	0.0	41.5	661.7	41.5
	20,393.1	5.6	115.3	20,514.0	120.9
<i>Department of Licensing</i>					
Boat excise, licenses & fees	41.5	0.0	(0.2)	41.3	(0.2)
<i>Insurance Commissioner</i>					
Insurance Premiums	339.3	0.0	7.8	347.1	7.8
<i>Liquor Control Board</i>					
Liquor Profits and Fees	54.1	0.0	0.6	54.7	0.6
Beer & Wine Surtax	3.3	0.0	(0.0)	3.2	(0.0)
<i>Lottery Commission</i>					
Lottery Revenue	196.1	0.0	5.0	201.1	5.0
<i>State Treasurer</i>					
Interest Earnings	139.4	0.0	8.4	147.8	8.4
<i>Office of Financial Management</i>					
Other	27.0	3.9	(4.1)	26.9	(0.2)
<u>Total General Fund-State *</u>	<u>\$21,193.7</u>	<u>\$9.5</u>	<u>\$132.9</u>	<u>\$21,336.1</u>	<u>\$142.4</u>

1 The General Fund State Revenue Forecast adopted by the Economic and Revenue Forecast Council in November 2000.

2 Adjustment to the impact of Initiative 722.

* Detail may not add to totals due to rounding

Table 3.9
Comparison of the General Fund-State Forecast by Agency
2001-2003 Biennium; Cash Basis
(Millions of Dollars)

Forecast by Agency	November 2000 Forecast¹	Non- Economic Changes²	Forecast Revision	March 2001 Forecast	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$11,893.0	\$0.0	(\$118.8)	\$11,774.2	(\$118.8)
Business & Occupation	4,157.4	0.0	(38.2)	4,119.2	(38.2)
Use	747.6	0.0	(13.5)	734.1	(13.5)
Public Utility	466.2	0.0	47.1	513.3	47.1
Liquor Sales/Liter	176.8	0.0	(0.3)	176.5	(0.3)
Cigarette	129.9	0.0	(0.5)	129.4	(0.5)
Property (State Levy)*	2,847.2	(231.3)	(1.1)	2,614.8	(232.4)
Real Estate Excise	891.1	0.0	(10.4)	880.8	(10.4)
Timber Excise	21.2	0.0	0.0	21.2	0.0
Other	653.3	0.0	9.9	663.2	9.9
Subtotal	21,983.6	(231.3)	(125.6)	21,626.7	(356.9)
<i>Department of Licensing</i>					
Boat excise, licenses & fees	39.5	0.0	0.6	40.1	0.6
<i>Insurance Commissioner</i>					
Insurance Premiums	342.3	0.0	12.3	354.6	12.3
<i>Liquor Control Board</i>					
Liquor Profits and Fees	63.1	0.0	0.3	63.4	0.3
Beer & Wine Surtax	3.3	0.0	(0.0)	3.3	(0.0)
<i>Lottery Commission</i>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<i>State Treasurer</i>					
Interest Earnings	119.1	0.0	(9.7)	109.3	(9.7)
<i>Office of Financial Management</i>					
Other	(223.7)	243.5	(1.7)	18.1	241.8
<u>Total General Fund-State **</u>	\$22,327.1	\$12.3	(\$123.9)	\$22,215.5	(\$111.6)

1 Forecast for the 2001-03 biennium adopted November 2000.

2 Adjustment to the impact of initiatives 722 and 728.

* The March 2001 forecast shows property tax after transfer to the Student Achievement Account.

** Detail may not add to totals due to rounding.

Table 3.10

Comparison of the General Fund-State Forecast by Agency**2001-2003 Biennium; GAAP Basis**

(Millions of dollars)

Forecast by Agency	November 2000 Forecast¹	Non- Economic Changes²	Forecast Revision	March 2001 Forecast	Total Change
<i>Department of Revenue</i>					
Retail Sales	\$11,940.7	\$0.0	(\$118.7)	\$11,822.0	(\$118.7)
Business & Occupation Use	4,176.2	0.0	(38.1)	4,138.1	(38.1)
Public Utility	749.2	0.0	(13.5)	735.7	(13.5)
Liquor Sales/Liter	468.2	0.0	47.2	515.3	47.2
Cigarette	176.8	0.0	(0.3)	176.5	(0.3)
Property (State Levy)*	130.0	0.0	(0.5)	129.5	(0.5)
Real Estate Excise	2,849.0	(231.3)	0.1	2,617.9	(231.2)
Timber Excise	895.4	0.0	(10.4)	885.0	(10.4)
Other	21.	0.0	0.0	21.2	0.0
Subtotal	654.3	0.0	9.9	664.2	9.9
	22,061.0	(231.3)	(124.3)	21,705.5	(355.5)
<i>Department of Licensing</i>					
Boat excise, licenses & fees	40.6	0.0	0.8	41.4	0.8
<i>Insurance Commissioner</i>					
Insurance Premiums	342.3	0.0	12.3	354.6	12.3
<i>Liquor Control Board</i>					
Liquor Profits and Fees	63.1	0.0	0.3	63.4	0.3
Beer & Wine Surtax	3.3	0.0	(0.0)	3.3	(0.0)
<i>Lottery Commission</i>					
Lottery Revenue	0.0	0.0	0.0	0.0	0.0
<i>State Treasurer</i>					
Interest Earnings	118.7	0.0	(9.7)	108.9	(9.7)
<i>Office of Financial Management</i>					
Other	(222.3)	243.5	(1.7)	19.5	241.8
<u>Total General Fund-State* *</u>	\$22,406.7	\$12.3	(\$122.3)	\$22,296.7	(\$110.0)

1 Forecast for the 2001-03 biennium adopted November 2000.

2 Adjustment to the impact of Initiatives 722 and 728.

* The March 2001 forecast shows property tax after transfer to the Student Achievement Account.

** Detail may not add to totals due to rounding.

Table 3.11

**March 2001 General Fund-State Forecast
1999-01 & 2001-03 Biennia; Cash Basis**

(Millions of dollars)

Forecast by Source	Fiscal 1999^A	Fiscal 2000^A	Fiscal 2001	1999-01 Biennium	Fiscal 2002	Fiscal 2003	2001-2003 Biennium
State Taxes							
Retail sales	\$4,947.5	\$5,400.4	\$5,571.9	\$10,972.3	\$5,759.3	\$6,014.9	\$11,774.2
Business & occupation	1,786.8	1,811.3	1,956.7	3,768.0	2,012.2	2,107.0	4,119.2
Use	335.8	379.7	399.3	779.0	356.4	377.7	734.1
Public Utility	212.6	236.2	258.3	494.5	252.5	260.8	513.3
Liquor sales/liter	79.6	83.2	86.5	169.7	87.7	88.9	176.5
Beer & wine surtax	1.6	1.6	1.6	3.2	1.7	1.7	3.3
Cigarette	71.1	69.7	68.0	137.7	65.3	64.1	129.4
Tobacco products	14.6	16.4	18.1	34.4	17.9	18.4	36.3
Property (state school levy)***	1,248.6	1,302.0	1,356.1	2,658.1	1,277.0	1,337.8	2,614.8
Public utility district	26.9	29.1	30.3	59.4	31.8	33.8	65.6
Real estate excise	394.6	401.1	400.1	801.3	427.0	453.8	880.8
Timber excise	18.8	20.2	14.3	34.4	11.0	10.2	21.2
Estate/inheritance	69.6	82.7	105.3	188.0	95.1	100.5	195.6
Motor Veh. Exc. & Rental Car**	135.3	0.0	(0.2)	(0.1)	0.0	0.0	0.0
Boat excise	10.2	11.2	10.7	21.9	11.3	11.6	22.8
Insurance premiums	158.3	174.6	172.2	346.9	174.9	179.7	354.6
Other	138.4	136.0	136.0	272.0	118.0	123.3	241.3
Total Taxes	9,650.3	10,155.5	10,585.0	20,740.5	10,698.9	11,184.1	21,883.0
State Non-Tax Sources							
Licenses, permits, fees	76.5	85.0	76.5	161.5	80.1	81.9	162.1
Liquor profits & fees	24.0	25.5	29.2	54.7	31.0	32.4	63.4
Earnings on investments	73.0	71.2	77.1	148.3	53.9	55.4	109.3
Lottery transfers	107.5	93.3	110.0	203.3	0.0	0.0	0.0
Other revenue & transfers	47.9	2.6	1.4	4.0	(17.5)	15.2	(2.3)
Total Non-Tax	328.9	277.7	294.2	571.9	147.6	184.8	332.5
Total General Fund-State *	\$9,979.2	\$10,433.2	\$10,879.2	\$21,312.4	\$10,846.5	\$11,369.0	\$22,215.5

A Actual

* Detail may not add to totals due to rounding.

** Includes General Fund-State share of the rental car tax. Referendum 49 removes the MVET and the rental car tax from the General Fund effective July 1999.

*** Property tax in fiscal 2002 and fiscal 2003 is after transfer to the Student Achievement Account.

will be made by the Department of Revenue, and is part of the Department of Revenue forecast. This directly reduces the state property tax levy forecast and accounts for the large non-economic reduction.

Major changes to the March 2001 forecast for the 1999-01 biennium include: a \$41.2 million increase to the public utility tax forecast, a \$38.5 million increase to the use tax forecast, a \$19.3 million increase to the business and occupation tax forecast, and a \$21.2 million reduction to the sales tax forecast. Other changes include: a \$4.7 million increase to the property tax (state levy) forecast, a \$3.4 million reduction to the real estate excise tax forecast and a \$41.6 million increase to a variety of other revenue sources including: the estate tax (\$14.0 million), brokered natural gas tax (\$6.0 million), unclaimed property transfers (\$9.1 million), and penalties and interest payments (\$14.7 million). These changes reflect a combination of collection experience and changes to the economic outlook. The \$4.7 million increase to the property tax forecast for the 1999-01 biennium includes a \$5.6 million increase due to a non-economic change. In December 2000 Thurston County Superior Court ruled I-722, which restricted the growth of the property tax levy to 2.0 percent, unconstitutional. Prior to I-722 the increase in state levy was limited to the lower of 6 percent or the rate of inflation (excluding new construction and state assessed property) as measured by the implicit price deflator for consumption. With I-722 unconstitutional, the calendar year 2000 state levy (for taxes due in 2001) increased 2.61 percent. This is expected to add \$5.6 million to the state levy forecast this biennium. Collections to date are less than expected offsetting part of the increase due to the higher levy forecast.

Major changes to the forecast for the 2001-03 biennium for Department of Revenue sources include: a \$232.4 million reduction to the property tax (state levy) forecast, an \$118.6 million reduction to the retail sales tax forecast, a \$38.2 million reduction to the business and occupation tax forecast, a \$13.5 million reduction to the use tax forecast and a \$47.1 million increase to public utility tax. The majority of the \$232.4 million reduction to the property tax forecast is due to non-economic factors. The non economic change to the property tax is a combination of an increase in the state levy forecast due to the court ruling against Initiative 722 (an increase of \$34.4 million in the 2001-03 biennium) and a reduction to the forecast due to a change in the accounting for the transfer of property tax from the General Fund to the Student Achievement Account under provisions of I-728 (a reduction of \$265.7 million). The change in how this transfer is accounted for reduces the property tax reported by Department of Revenue; this is offset by an increase in the "other agencies" forecast, with no net impact on the General Fund. The transfer in the Department of Revenue forecast is \$26.9 million higher because the amount expected to be transferred has been revised. With the exception of the reduction to the property tax forecast and the public utility tax forecast, the changes to the Department of Revenue forecast for the 2001-03 biennium primarily reflect weaker economic outlook than assumed in November. Weaker income and employment growth is expected to slow spending and production and reducing tax payments. Expected higher electricity and natural gas prices will increase energy costs to businesses and households. Although this will boost public utility tax revenue, the higher outlays for energy will reduce spending elsewhere reducing sales, use and B&O revenue. The forecast of the state property tax levy reported by the Department of Revenue now includes the impact of the provision of I-728 that transfers some property tax receipts from the General Fund to the Student Achievement Account. The property tax forecast reflects only the GFS portion of the state levy, i.e. after the transfer to the Student Achievement Account. Table 3.13 shows the state levy forecast before and after this transfer.

Department of Licensing

The majority of GFS revenue collected by the Department of Licensing is from a variety of professional licenses as well as boat excise tax and registration. Prior to its elimination, the motor vehicle excise tax was the primary GFS revenue source reported by the department.

The forecast of the Department of Licensing GFS sources for the current biennium has been reduced \$0.2 million and the forecast for the 2001-03 biennium has been increased \$0.6 million. The change to the current biennium's forecast reflects a large downward adjustment of the forecast firearm licensing fees, which was partially offset by slight revenue increases in several other licensing categories. Much of the firearm licensing activity originally forecast for the current biennium has been transferred to the next biennium, which is reflected in most of that biennium's forecast increase. The current forecast for the 1999-01 biennium is \$41.3 million and the forecast for the 2001-2003 biennium is \$40.1 million.

The Office of Financial Management (Other Agencies)

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, the State Treasurer, and the Lottery Commission.

The recent court decision overturning I-722 has resulted in the restoration of \$3.9 million in revenue for the current biennium and \$5 million for the next biennium that was removed from last quarter's OFM forecast. This revenue represented fees that would have been refunded or eliminated under the initiative. This revenue restoration was offset by a \$3 million reduction in other revenues for a net forecast gain of \$0.9 for the current biennium. An accounting change related to the recording of transfers of funds under I-728 resulted in an increase of \$239 million in forecast revenue to the 2001-2003 biennium. When combined with the restored revenue related to I-722 and offset by other forecast reductions, the resulting forecast increase is \$242 million.

Lottery Commission

The Lottery Commission prepares a quarterly forecast of transfers to the General Fund based on the unallocated portion of collections from lottery ticket sales. Due to continued strong ticket sales after the increase from October 2000's record jackpot, the General Fund transfer forecast for the current biennium has been revised upward \$5 million, for a total of \$203.3 million in transfers to the General Fund. As per Initiative 728, lottery revenue collected after the end of the current biennium will be transferred directly to the Student Achievement Fund.

State Treasurer

The forecast and actual experience of the Office of the State Treasurer is based primarily on rate conditions and average daily balances for the funds within the Treasurer's control. The General Fund-State forecast for the current biennium has been increased by \$8.7 million. Most of this increase was due to the restoration of \$7.7 million in interest earnings that had been credited to a state account other than the General Fund in error. The forecast for the next biennium has been decreased by \$9.7 million due to a decrease in expected future interest rates.

Table 3.12

Summary of the Non Economic Changes to the March 2001 Forecast
General Fund-State
(Millions of Dollars)

	<u>FY 2001</u>	<u>1999-01 Biennium</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>2001-03 Biennium</u>
Adjustment to the Impact of Initiative 722*					
Department of Revenue	\$5.6	\$5.6	\$13.7	\$20.8	\$34.4
Property tax limitation					
OFM-other agencies					
Roll back of fee increases	3.9	3.9	2.5	2.3	4.8
GFS impact: I-722	9.5	9.5	16.1	23.1	39.2
Adjustment to the Impact of Initiative 728**					
Transfer from the General Fund to the Student Achievement Account					
Department of Revenue	0.0	0.0	(133.0)	(132.7)	(265.7)
OFM-other agencies	0.0	0.0	106.2	132.6	238.8
GFS impact: I-728	0.0	0.0	(26.8)	(0.1)	(26.9)
Total Non Economic GFS	\$9.5	\$9.5	(\$10.7)	\$23.0	\$12.3

* Increase to GFS revenue due to court decision invalidating I-722.

**Revision to the impact of transferring a portion of the state property tax levy to the Student Achievement Account. In addition the accounting of this transfer is different than in November. In November the transfer to the SAA was assume to be made by OFM; the Department of Revenue will make the transfer.

Table 3.13

State Levy Forecast**With and without transfers to the Student Achievement Account**

(Millions of Dollars)

Cash Basis

	<u>Fiscal 2000</u>	<u>Fiscal 2001</u>	<u>1999-01 Biennium</u>	<u>Fiscal 2002</u>	<u>Fiscal 2003</u>	<u>2001-03 Biennium</u>
Property tax-State levy (All funds)	1,302.0	1,356.1	2,658.1	1,410.0	1,470.5	2,880.5
Transfer to the Student Achievement Account*				133.0	132.7	265.7
Property tax-State levy (After transfer)	\$1,302.0	\$1,356.1	\$2,658.1	\$1,277.0	\$1,337.8	\$2,614.8

*Transfer from the state property tax levy (GF) to the Student Achievement Account as mandated by Initiative 728.

The amount of the transfer is \$140 per FTE.

**General Fund portion of the property tax (state levy) after transfer to the SAA).

Insurance Commissioner

The forecast for the Office of the Insurance Commissioner is based on projections for premium volume of insurance companies in the State of Washington. Both fire and total insurance premiums are forecast, and expectations are based on both rate increases and the growth of premium volume. The total insurance premium forecast for the current biennium was increased by \$7.8 million and the forecast for the 2001-03 biennium was increased by \$12.3 million. These increases mainly reflect an increase in past and expected insurance premium volume. The fire insurance premium forecast for both the 1999-01 and 2001-03 biennia is unchanged from last quarter's forecast.

Liquor Control Board

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The forecast for the current biennium was increased \$0.6 million and the forecast for the 2001-03 biennium was increased \$0.3 million. These increases were due to greater actual and expected profits and fees from state-run liquor stores.

Track Record for the 1999-01 Biennium

The March 2001 GFS cash forecast for the 1999-01 biennium is \$21,312.4 million. This is \$143.5 million more than the November 2000 forecast. The March 2001 forecast is \$410 million, 2.0 percent higher than the February 1998 forecast, the initial forecast for the 1999-01 biennium. The total change to the 1999-01 forecast over the last three years is relatively small only because tax law changes (reductions) have offset additions to the forecast due to an improving economy. Excluding tax law changes, the November 2000 forecast for the 1999-01 biennium is \$978 million (4.7 percent) above the February 1998 forecast. The November 2000 forecast is the twelfth quarterly update to the outlook for the 1999-01 biennium since the initial forecast in February 1998. There were two reductions to the forecast for the 1999-01 biennium and ten increases including the March 2001 revision. Table 3.14 summarizes the quarterly updates to the GFS forecast for the 1999-01 biennium.

Track Record for the 2001-03 Biennium

The March 2001 GFS cash receipts forecast for the 2001-03 biennium is \$22,215.5 million. This is \$111.6 million less than the November 2000 forecast. The March forecast is \$318 million below the February 2000 forecast, the initial forecast for the biennium. However, most of this reflects non-economic changes. Excluding the impact of non-economic factors, the March forecast is \$124 million lower than last quarter and \$150 million (0.7 percent) higher than the February 2000 forecast. Table 3.15 summarizes the changes to the GFS forecast for the 2001-03 biennium since February 2000.

Table 3.14

Cash Basis

Track Record for the 1999-01 General Fund-State Cash Forecast

February 1998 through March 2001

(Millions of dollars)

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies*</u>	<u>Subtotal*</u>	<u>Legislation**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 1998****	\$19,656	\$1,246				\$20,902
Changes to Forecast						
June 1998	13	13	26	(65) ¹	(39)	20,864
September 1998	(181)	(13)	(195)	0	(195)	20,669
November 1998	(13)	(6)	(19)	(471) ²	(490)	20,179
March 1999	65	36	100	(7) ³	94	20,273
June 1999	172	(2)	170	(23) ⁴	147	20,419
September 1999	88	5	93	0	93	20,512
November 1999	186	4	191	25 ⁵	215	20,727
February 2000	142	4	146	(30) ⁶	115	20,843
June 2000	243	(10)	233	(3) ⁷	230	21,073
September 2000	56	(6)	51	7 ⁸	57	21,130
November 2000	36	13	49	(10) ⁹	39	21,169
March 2001	115	19	134	10 ¹⁰	143	21,312
Total Change***						
From February 1998	\$921	\$57	\$978	(\$568)	\$410	
Percent change	4.7%	4.6%	4.7%	-2.7%	2.0%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 1999-01 biennium.

1 Change to the forecast due to 1998 legislation. (Excluding the impact of referendum 49 and SHB 3015).

Major changes include: repeal of the B&O tax on internal distribution, consolidation/reduction of B&O tax rates, and a tax credit for firms engaged in international investment services.

2 Change to the forecast due to passage of Referendum 49.

3 Change to the forecast due to impact of SHB 3015 (2nd Narrows Bridge).

4 Change to the forecast due 1999 tax legislation (-\$25.1 million), budget driven revenue (\$29.9 million) and a statutorily required transfer to the Water Quality Account (-\$26.8 million).

5 Change to the GFS forecast due to passage of Initiative 695; this is the net impact of rental car tax going to the General Fund and the loss of camper/travel trailer excise tax revenue.

6 Due to legal uncertainties concerning the disposition of the rental car tax and legal considerations implying that most or all of the rental car distributions may not have been intended for deposit in the General Fund after passage of I-695, these revenues are not presently included in the General Fund-State forecast. In addition the ride-share credit was eliminated as of January 1, 2000; this was not previously included in the forecast.

7 The impact of 2000 legislation. Note the impact of the Telepage court case (extending the sales tax to paging services) is included as a Department of Revenue forecast change.

8 Revised impact of the salmon recovery timber tax credit.

9 Impact of Initiative 722 on General Fund-State revenue.

10 Adjustment to the impact of Initiative 722 on General Fund-State revenue.

Table 3.15

Track Record for the 2001-03 General Fund-State Cash Forecast

February 2000 through March 2001

(Millions of dollars)

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies*</u>	<u>Subtotal*</u>	<u>Legislation**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
February 2000****	\$21,728	\$805				\$22,534
Changes to Forecast						
June 2000	99	(25)	74	(3) ¹	71	22,604
September 2000	158	(1)	157	5 ²	162	22,766
November 2000	32	12	43	(482) ³	(439)	22,327
March 2001	(126)	2	(124)	12 ⁴	(112)	22,216
Total Change***						
From February 2000	\$162	(\$12)	\$150	(\$468)	(\$318)	
Percent change	0.7%	-1.5%	0.7%	-2.1%	-1.4%	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

**** First official forecast for the 2001-03 biennium.

1 Impact of 2000 legislation. Note the impact of the Telepage court case (extending the sales tax to paging services). This impact is included as a Department of Revenue forecast change.

2 Revised impact of the salmon recovery timber tax credit.

3 Impact of Initiatives 722 and 728. The estimate of initiative 728 is based on OFM analysis, subject to continuing review.

4 Adjustment to the impact of Initiatives 722 and 728.

The Relationship Between the Cash and GAAP General Fund-State Revenue Forecasts

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP) and that the Forecast Council adopt a cash forecast as well as a forecast of revenue on a GAAP basis. There are thus two related but distinct GFS forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GFS forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Table 3.8 and Table 3.10 are on a cash basis.

Table 3.16 compares the cash receipts forecast and the GAAP forecast by agency. Actual revenue for the 1995-97 biennium on a GAAP basis was \$17,749.1 million, \$111.4 million more than the actual cash total of \$17,637.7 million. Revenue for the 1997-99 biennium totals \$19,702.9 million on a GAAP basis, \$82.8 million higher than the \$19,620.1 million cash receipts total. The GAAP forecast for the 1999-01 biennium totals \$21,336.1 million, \$23.7 million higher than the \$21,312.4 million cash forecast for the biennium. The GAAP forecast for the 2001-03 biennium totals \$22,296.7 million, \$81.2 million more than the \$22,215.5 million cash forecast.

Table 3.17 presents the budgetary balance sheet for the 1999-01 biennium. The GFS total ending balance is now projected to be \$922.2 million. This is up from \$779.8 million in November. Of this total, \$377.7 million is expected to be transferred to the Emergency Reserve Account based on provisions in Initiative 601. This is \$143.4 million more than assumed in November. Initiative 601 requires that revenue in excess of the spending limit to be transferred to the Emergency Reserve Fund. Reserves in the Emergency Reserve Fund require two-thirds vote to appropriate. The additional transfers to the Emergency Reserve Account will result in the expected Emergency Reserve Fund balance to be above its threshold level, triggering additional transfers to the Student Achievement Account, the School Construction Account and the General Fund. The Emergency Reserve Fund balance is projected to be \$544.0 million on June 30, 2001, its threshold level, which is equal to 5 percent of annual GFS revenue. The unreserved GFS ending balance is now projected to total \$566.4 million at the end of the 1999-01 biennium. These balances are based on appropriations for the 1999-01 biennium of \$20,851.1 million. This is prior to the adoption of any 2001 supplemental appropriations for the 1999-01 biennium.

Alternative Forecast for the 1999-01 and 2001-03 Biennia

The March baseline forecast continues to assume the national economy will continue to expand during the 1999-01 and 2001-03 biennia. Growth will slow in the near term but there will be no recession. Economic growth will rebound later in the year and will grow modestly the next three years. The baseline forecast assumes a healthy Federal budget surplus, stable oil prices and a strong dollar. It also assumes a tax cut at the Federal level and that The Federal Reserve will be able to engineer a soft-landing for the economy.

Table 3.16
March 2001 Baseline Forecast by Agency
Comparison of Cash and GAAP Basis
(Millions of dollars)

Agency	1997-99 Biennium			1999-01 Biennium			2001-03 Biennium		
	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.	Cash Basis ¹	GAAP Basis ²	Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue ³	\$18,317.2	\$18,394.5	\$77.3	\$20,403.4	\$20,438.8	\$35.5	\$21,561.6	\$21,640.4	\$78.8
Department of Licensing	365.7	364.8	(0.9)	41.3	41.3	(0.0)	40.1	41.4	1.3
Insurance Commissioner ⁴	317.2	317.2	0.0	352.5	352.7	0.2	360.4	360.4	0.0
State Treasurer	148.9	148.2	(0.6)	148.3	147.8	(0.5)	109.3	108.9	(0.4)
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	165.8	169.5	3.7	173.8	172.1	(1.8)	172.9	174.3	1.4
Subtotal: General Fund-State Cash/Revenue*	19,314.8	19,394.3	79.5	21,119.3	21,152.7	33.4	22,244.3	22,325.5	81.2
General Fund State - Other Financing Sources⁵									
Department of Revenue ⁶	72.1	80.2	8.0	82.7	75.1	(7.5)	65.1	65.1	0.0
Lottery Commission	222.0	218.8	(3.3)	203.3	201.1	(2.2)	0.0	0.0	0.0
Insurance Commissioner ⁷	(5.0)	(5.0)	0.0	(5.6)	(5.6)	0.0	(5.8)	(5.8)	0.0
Liquor Control Board	54.4	54.4	0.0	58.0	58.0	0.0	66.7	66.7	0.0
Office of Financial Management									
Other Agencies ⁸	(38.3)	(39.7)	(1.5)	(145.2)	(145.2)	0.0	(154.8)	(154.8)	0.0
Subtotal: GFS Other Financing Sources	305.3	308.6	3.3	193.1	183.4	(9.7)	(28.8)	(28.8)	0.0
Total Available Receipts/Resources									
General Fund-State *	\$19,620.1	\$19,702.9	\$82.8	\$21,312.4	\$21,336.1	\$23.7	\$22,215.5	\$22,296.7	\$81.2

* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Forty percent of fire insurance premiums.

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.

Table 3.17

1999-01 Balance Sheet**General Fund-State**

(Dollars in Millions)

	1999-01
Resources	
Beginning Fund Balance	462.0
November Revenue Forecast	21,168.9
March 2001 Changes	<u>143.5</u>
Current Revenue Totals	21,312.4
Changes in Reserves/Other Adjustments	<u>(1.0)</u>
Total Resources (Revenue/Fund Balance)	21,773.4
Expenditures	
1999-01 Appropriations	20,572.8
2000 Supplemental budget	<u>278.3</u>
Revised 1999-01 Appropriations	20,851.1
November 2000 I-601 Expenditure Limit	20,683.0
2000 Supplemental budget changes	<u>251.7</u>
Preliminary I-601 Expenditure Limit	20,934.7
General Fund Balance	
Total Ending Balance	922.2
Transfer to Emergency Reserve Fund	<u>(377.7)</u>
Unreserved General Fund Balance	544.6
25% of Spillover Under I-728	<u>21.8</u>
Unreserved General Fund Balance	566.4
Emergency Reserve Fund	
Beginning Balance	535.7
ERF Transfer to Transportation	(35.0)
Other Changes (Transfer from General Fund plus interest earnings)	441.0
Transfer to Education Construction Account	(310.5)
Transfer to Student Achievement Fund	(65.5)
Transfer to General Fund	<u>(21.8)</u>
Emergency Reserve (5% Annual Threshold)	544.0

The basic premise underlying the baseline forecast is that the economy is fundamentally sound. Be this as it may, there are areas of concern. Nationally, manufacturing is already in recession and mass-layoff announcements have weakened consumer confidence. Conditions abroad are deteriorating. High energy prices, the likelihood of drought conditions throughout the summer and depressed stock prices have increased the possibility that the slower economic growth we have seen in the fourth quarter and are expected to see in early 2001 could easily turn into a mild recession. Economic conditions could turn out to be better than assumed in the baseline, however, this optimistic outcome has been given a very low probability of occurring (10 percent). The economy is much more at susceptible to shocks than before, increasing the possibility of a more pessimistic outcome. The vulnerability of the economy has increased to such an extent that in March the baseline and pessimistic scenarios have been given an equal likelihood of occurring (45 percent). The optimistic and pessimistic alternatives to the baseline economic and GFS revenue forecast are outlined below.

In the optimistic scenario economic growth is stronger than that assumed in the baseline. Real GDP growth is 0.3 percent higher than the baseline in fiscal 2003 and housing starts are nearly 3.5 percent higher. The differences between the optimistic and baseline forecast are even greater for the Washington economy. State personal income is 1.5 percent higher than the baseline by the end of fiscal year 2001 and is 3.9 percent higher by the end of the 2001-03 biennium. State wage and salary employment is 9,600 greater than the baseline by the end of the 1999-01 biennium and is 52,200 higher by the last quarter of the 2001-03 biennium.

In the pessimistic scenario, the reduction of interest rates in January and March by the FOMC are too little and too late to prevent significantly slower economic growth. Falling stock prices and weaker earnings sharply erode confidence. High energy prices and weakness abroad aggravate the problem and investment and consumer spending drop sharply. Real GDP declines for three quarters beginning in the first quarter of 2001. Although the economy begins to recover by the end of the year, income is still lower than the baseline throughout the forecast period. At the state level, the recession hits quickly and hard. Washington State personal income is 1.5 percent below the baseline estimate at the end of fiscal year 2001. Personal income is 4.0 percent less than the baseline by the end of the 2001-03 biennium. Wage and salary employment is 16,300 lower than the baseline by the end of the 1999-01 biennium and 47,300 less by the second quarter of 2003.

Table 3.18 shows the revenue implications of these alternative scenarios for the 1999-01 biennium. The optimistic scenario generates \$21,454.9 million GFS revenue in the 1999-01 biennium. This is \$142.5 million more than the baseline forecast. The pessimistic alternative produces only \$21,136.1 million GFS revenue in the 1999-01 biennium, \$176.3 million less than the baseline forecast. Table 3.19 summarizes alternative revenue forecasts for the 2001-03 biennium. The optimistic forecast generates \$22,985.3 million next biennium. This is \$769.8 million more than the baseline. The pessimistic alternative produces only \$21,281.4 million in the 2001-03 biennium, \$934.1 million less than the baseline.

In addition to the official optimistic and pessimistic alternatives, we routinely prepare a third alternative forecast. This is developed by averaging the forecasts for several key economic variables made by members of the Governor's Council of Economic Advisors (GCEA). The March GCEA scenario was based on the forecasts of five members of the Governor's Council of Economic Advisors. The GCEA alternative was very close to the baseline forecast. The GCEA alternative was \$3 million higher than the baseline for the 1999-01 biennium and \$14 million less in the 2001-03 biennium.

Table 3.18

March 2001 Alternative Forecasts Compared to the Baseline Forecast
1999-01 Biennium
(Millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
<i>Department of Revenue</i>			
Retail Sales	\$11,006.2	\$10,972.3	\$10,915.1
Business & Occupation Use	3,778.7	3,768.0	3,748.6
Public Utility	781.0	779.0	773.6
Property (school levy)	494.7	494.5	493.8
Real Estate Excise	2,698.8	2,658.1	2,617.4
Other	804.1	801.3	793.7
Subtotal	1,038.9	1,012.9	990.6
	20,602.3	20,486.0	20,332.7
<i>Department of Licensing</i>	41.9	41.3	40.8
<i>Insurance Commissioner¹</i>	351.2	346.9	342.6
<i>Lottery Commission</i>	214.3	203.3	192.3
<i>State Treasurer - Interest earnings</i>	155.5	148.3	142.1
<i>Liquor Profits & Fees²</i>	58.6	58.0	57.4
<i>Office of Financial Management</i>			
Other agencies	31.1	28.6	28.4
Total General Fund - State*	\$21,454.9	\$21,312.4	\$21,136.1
Difference from March 2001 Baseline	\$142.5		(\$176.3)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Table 3.19

March 2001 Alternative Forecasts Compared to the Baseline Forecast**2001-03 Biennium**

(Millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
<i>Department of Revenue</i>			
Retail Sales	\$12,149.1	\$11,774.2	\$11,301.4
Business & Occupation	4,224.5	4,119.2	3,965.4
Use	753.9	734.1	707.3
Public Utility	517.4	513.3	502.6
Property (school levy)	2,719.7	2,614.8	2,510.2
Real Estate Excise	947.5	880.8	809.1
Other	1,031.5	990.3	940.9
Subtotal	22,343.6	21,626.7	20,736.9
<i>Department of Licensing</i>	41.3	40.1	38.9
<i>Insurance Commissioner¹</i>	363.5	354.6	345.7
<i>Lottery Commission</i>	0.0	0.0	0.0
<i>State Treasurer - Interest earnings</i>	149.8	109.3	77.3
<i>Liquor Profits & Fees²</i>	68.1	66.7	65.4
<i>Office of Financial Management</i>			
Other agencies	19.1	18.1	17.2
Total General Fund - State*	\$22,985.3	\$22,215.5	\$21,281.4
Difference from March 2001 Baseline	\$769.8		(\$934.1)

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

* Detail may not add to total due to rounding.

Washington Gross State Product by Industry, 1998

The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) periodically revises and updates its estimates for gross state product (GSP). In June 2000, GSP estimates for the years 1977 through 1997 were revised and new estimates for 1998 were released. Data from this release for years not included in this report are available through the BEA (www.bea.doc.gov) or the Office of the Forecast Council.

Gross State Product is derived as the sum of gross state product originating in all industries in the State. In concept, an industry's GSP, referred to as its "value added," is equivalent to the value of its gross output (sales or receipts and other operating income, commodity taxes, and inventory change) minus the value of its intermediate inputs (consumption of goods and services purchased from other industries or imported). As such, it is often referred to as the State counterpart of the nation's gross domestic product (GDP). In practice, GSP estimates are measured as the sum of distributions by industry of the components of gross domestic income. The difference between GDP and gross domestic income is the statistical discrepancy.

Chart 4.1 shows 1998 GSP by state (including the District of Columbia), with California leading all states with \$1,119 billion and Vermont with the lowest GSP at \$16 billion. Washington ranked 14th in 1998 with \$192.9 billion, showing no change in rank between 1997 and 1998.

Chart 4.2 represents the industrial composition of Washington gross state product in 1977 versus 1998. During this period, the chart shows declines in agriculture and related fields, manufacturing, mining and construction, government, and trade as a percentage of Washington gross state product. The remaining three categories: services, transportation and utilities, and finance, insurance, and real estate, grew in relative importance, with most of the growth occurring in the category of services.

Chart 4.3 details GSP by component and shows only slight changes in the proportion of indirect business taxes, compensation, and other GSP from 1977 to 1998. Table 4.1 shows Washington and U.S. gross state product from 1977 to 1998, and Washington State GSP as a percentage of U.S. total gross state product. The table shows modest change between 1977 and 1998, increasing Washington's contribution to the U.S. gross product from 1.8 percent in 1977 to 2.2 percent in 1998. Table 4.2 shows Washington GSP by industry from 1989 to 1998, Table 4.3 details real Washington GSP estimates by industry from 1989 to 1998, and Table 4.4 details the components of GSP by industry in 1998.

Chart 4.1
1998 Gross State Product
 Billions of Dollars

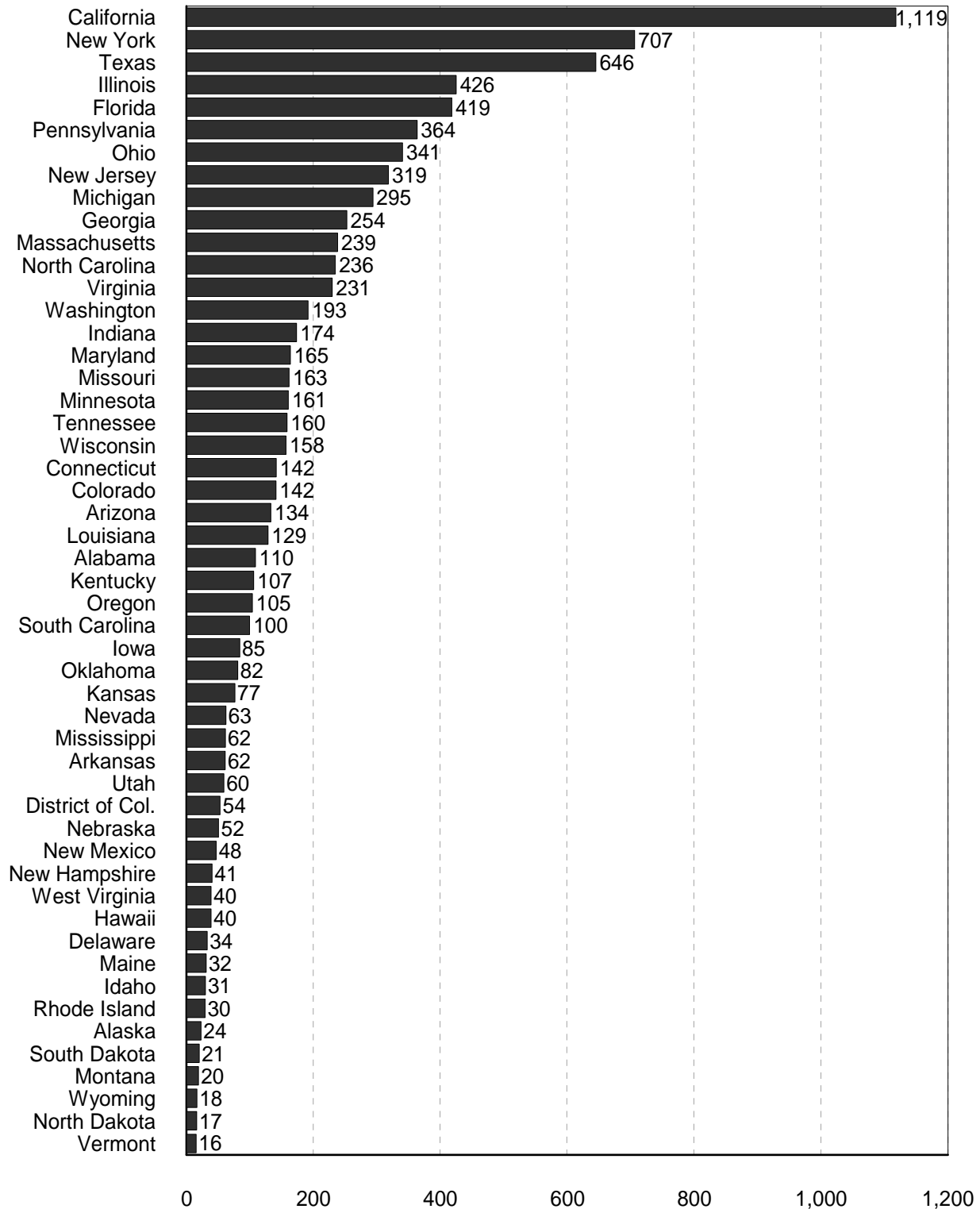


Chart 4.2
Washington GSP by Industry
 1977 vs. 1998

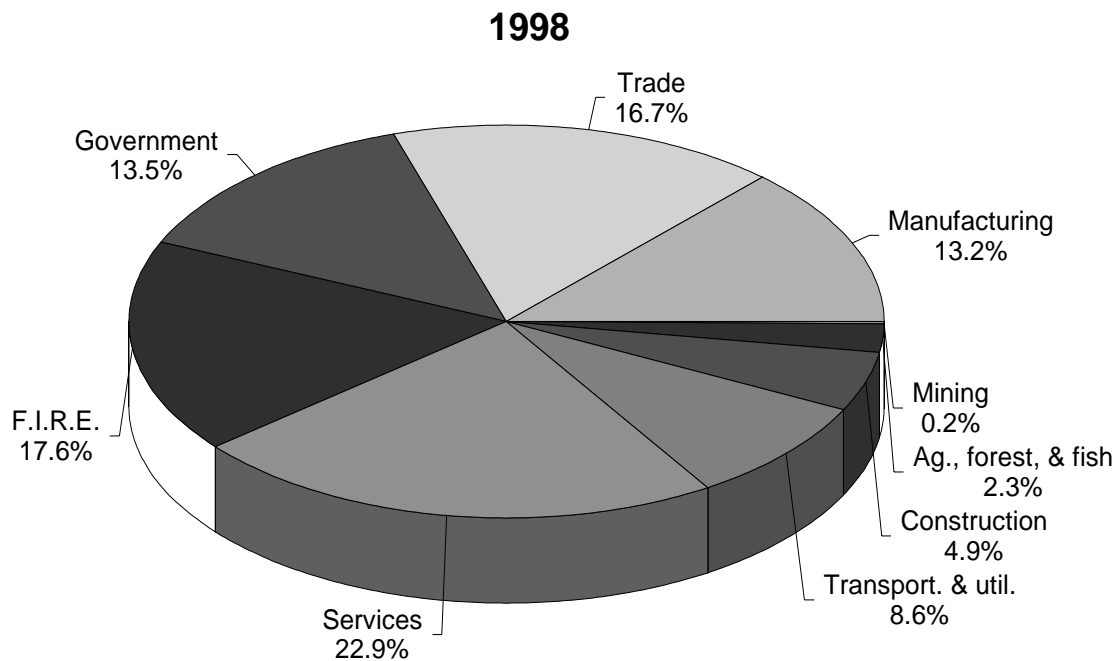
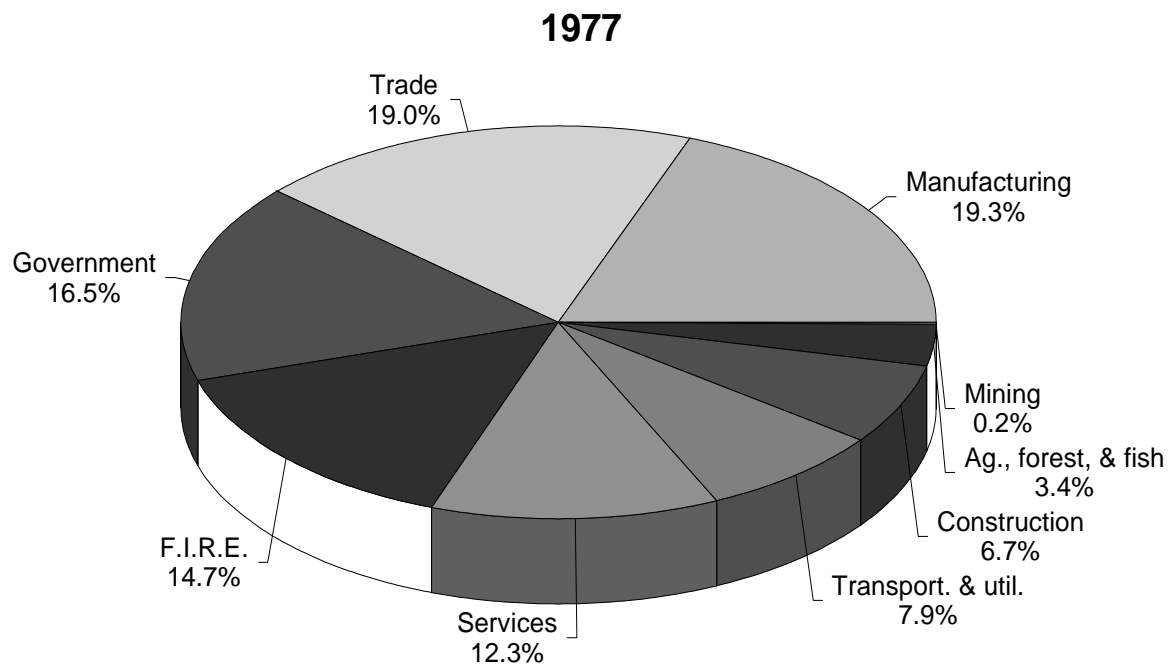


Chart 4.3
Washington GSP by Component
1977 vs. 1998

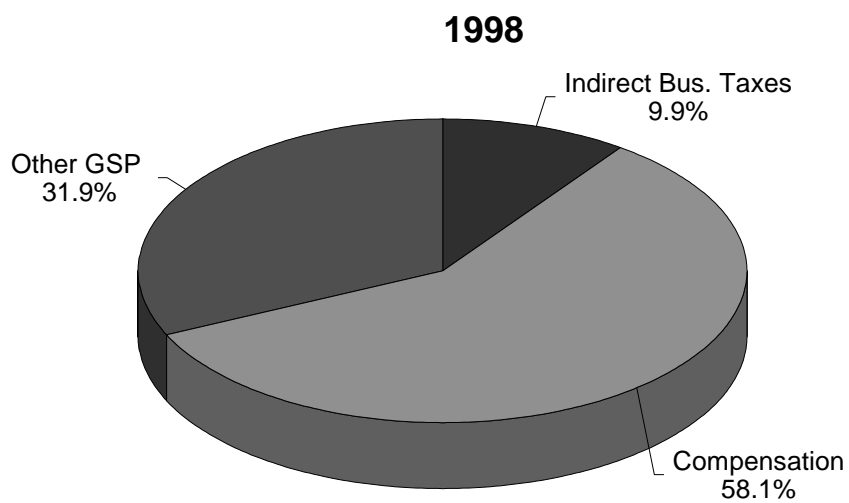
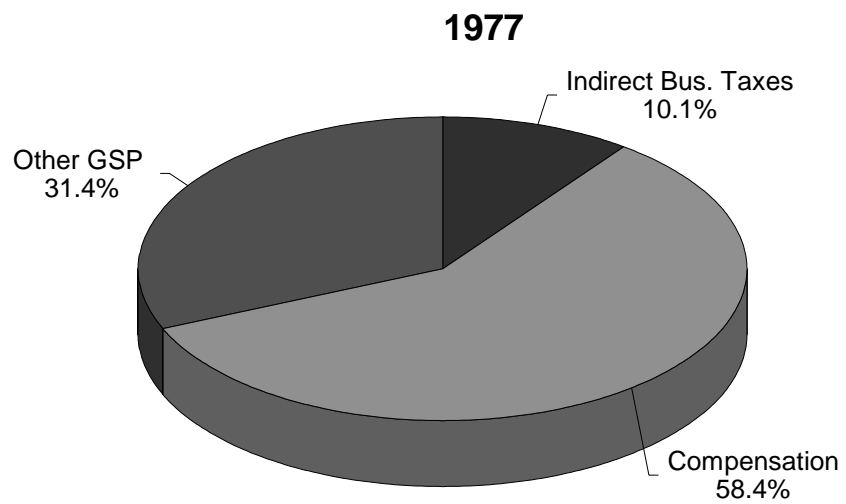


Table 4.1

Washington and U.S. Gross Product (millions of current dollars)

1977 through 1998

	<u>Washington</u>	<u>U.S.</u>	<u>Percent of U.S. Economy</u>
1977	\$35,965	\$1,985,693	1.81%
1978	\$42,014	\$2,249,045	1.87%
1979	\$48,181	\$2,503,867	1.92%
1980	\$51,964	\$2,731,618	1.90%
1981	\$57,694	\$3,069,751	1.88%
1982	\$60,731	\$3,217,626	1.89%
1983	\$65,380	\$3,446,583	1.90%
1984	\$71,086	\$3,866,334	1.84%
1985	\$74,494	\$4,151,449	1.79%
1986	\$80,462	\$4,355,877	1.85%
1987	\$86,898	\$4,683,245	1.86%
1988	\$95,651	\$5,092,174	1.88%
1989	\$104,758	\$5,411,353	1.94%
1990	\$115,642	\$5,706,658	2.03%
1991	\$122,597	\$5,895,430	2.08%
1992	\$130,772	\$6,209,096	2.11%
1993	\$138,379	\$6,513,026	2.12%
1994	\$146,543	\$6,930,791	2.11%
1995	\$151,469	\$7,309,516	2.07%
1996	\$161,954	\$7,715,901	2.10%
1997	\$176,226	\$8,240,312	2.14%
1998	\$192,864	\$8,745,219	2.21%

Table 4.2

Washington Gross State Product by Industry
(Millions of Dollars)

	1989	1990	1991	1992	1993
Total gross state product	104,758	115,642	122,597	130,772	138,379
Agriculture, forestry, and fishing	3,324	3,713	3,751	4,041	4,186
Farms	1,946	2,066	2,106	2,490	2,575
Agricultural services, forestry, and fishing	1,377	1,647	1,645	1,551	1,611
Mining	282	297	303	297	274
Metal mining	92	92	104	78	56
Coal mining	55	57	65	75	66
Oil and gas extraction	16	15	11	3	2
Nonmetallic minerals, except fuels	120	132	123	141	150
Construction	4,944	5,800	6,138	6,533	6,695
Manufacturing	18,966	19,613	18,562	19,344	20,080
Durable goods	12,983	13,649	13,583	14,044	14,076
Lumber and wood products	2,611	2,345	2,111	2,198	2,417
Furniture and fixtures	154	181	147	146	143
Stone, clay, and glass products	350	366	382	409	371
Primary metal industries	949	889	791	778	609
Fabricated metal products	565	612	573	544	535
Industrial machinery and equipment	838	952	872	959	1,055
Electronic and other electric equip.	509	515	615	503	608
Motor vehicles and equipment	285	288	291	343	505
Other transportation equipment	5,819	6,504	6,800	7,263	6,962
Instruments and related products	667	734	746	619	533
Miscellaneous manufacturing industries	238	263	254	282	339
Nondurable goods	5,983	5,964	4,979	5,300	6,004
Food and kindred products	1,617	1,580	1,692	1,979	2,129
Tobacco products	-	-	-	-	-
Textile mill products	39	52	56	56	59
Apparel and other textile products	168	139	140	184	242
Paper and allied products	1,596	1,430	1,330	1,126	1,268
Printing and publishing	820	801	878	948	1,114
Chemicals and allied products	857	958	452	413	465
Petroleum and coal products	639	767	185	299	435
Rubber and misc. plastics products	235	224	234	280	278
Leather and leather products	13	13	12	15	14
Transportation and public utilities	8,247	9,060	9,749	10,265	11,200
Transportation	3,803	4,010	4,165	4,388	4,611
Railroad transportation	336	343	355	392	418
Local and interurban passenger transit	95	99	116	134	147
Trucking and warehousing	1,255	1,337	1,365	1,466	1,520
Water transportation	656	678	694	720	732
Transportation by air	986	997	1,043	1,100	1,203
Pipelines, except natural gas	27	37	30	22	21
Transportation services	448	520	562	555	570
Communications	2,603	2,983	3,280	3,566	4,174
Electric, gas, and sanitary services	1,841	2,067	2,304	2,311	2,415

	1989	1990	1991	1992	1993
Wholesale trade	7,858	8,512	9,118	9,675	10,169
Retail trade	10,245	11,233	11,932	12,756	13,449
Finance, insurance, and real estate	17,858	20,297	21,827	23,139	24,822
Depository institutions	2,742	3,494	3,872	3,583	3,687
Nondepository institutions	370	362	369	484	660
Security and commodity brokers	410	375	387	509	643
Insurance carriers	943	1,031	1,323	1,326	1,629
Insurance agents, brokers, and service	593	692	716	769	833
Real estate	12,719	14,245	15,065	16,291	17,106
Holding and other investment offices	81	97	95	176	264
Services	16,793	19,550	22,081	24,551	26,236
Hotels and other lodging places	678	746	831	867	915
Personal services	728	781	830	874	963
Business services	2,931	3,817	4,254	5,086	5,339
Auto repair, services, and parking	991	1,127	1,221	1,219	1,319
Miscellaneous repair services	357	419	412	425	447
Motion pictures	138	144	158	161	179
Amusement and recreation services	521	608	670	787	829
Health services	5,122	5,818	6,554	7,350	7,875
Legal services	1,154	1,258	1,329	1,461	1,479
Educational services	399	425	495	535	584
Social services	457	544	658	768	862
Membership organizations	652	706	800	873	943
Other services	2,541	3,025	3,738	3,999	4,344
Private households	124	132	130	146	156
Government	16,241	17,569	19,136	20,170	21,267
Federal civilian government	3,561	4,008	4,101	3,944	4,194
Federal military government	2,497	2,577	2,701	2,893	2,903
State and local government	10,183	10,984	12,335	13,333	14,170
Addenda:					
Electronic equipment and instruments	1,175	1,249	1,361	1,122	1,141
Depository and nondepository institutions	3,111	3,856	4,241	4,067	4,347
Business, misc. professional, and other services	5,472	6,841	7,992	9,084	9,684

Table 4.2 (cont'd.)

Washington Gross State Product by Industry
(Millions of Dollars)

	1994	1995	1996	1997	1998
Total gross state product	146,543	151,469	161,954	176,226	192,864
Agriculture, forestry, and fishing	4,174	4,215	4,728	4,426	4,460
Farms	2,519	2,473	3,072	2,641	2,621
Agricultural services, forestry, and fishing	1,656	1,742	1,657	1,785	1,839
Mining	360	361	344	352	374
Metal mining	134	138	121	109	113
Coal mining	68	68	71	70	75
Oil and gas extraction	3	2	3	1	1
Nonmetallic minerals, except fuels	155	154	149	172	187
Construction	7,227	7,259	8,011	8,910	9,451
Manufacturing	20,927	19,974	21,260	22,122	25,382
Durable goods	14,464	13,206	14,382	15,309	18,543
Lumber and wood products	2,388	2,415	2,130	2,190	2,135
Furniture and fixtures	141	149	176	196	238
Stone, clay, and glass products	463	496	497	598	647
Primary metal industries	665	949	823	825	901
Fabricated metal products	668	945	822	925	978
Industrial machinery and equipment	960	1,012	1,267	1,403	1,515
Electronic and other electric equip.	684	819	932	1,093	1,153
Motor vehicles and equipment	550	672	634	720	818
Other transportation equipment	7,026	4,637	5,963	6,153	8,737
Instruments and related products	525	655	621	623	800
Miscellaneous manufacturing industries	393	457	516	584	620
Nondurable goods	6,463	6,767	6,878	6,813	6,839
Food and kindred products	2,383	2,538	2,590	2,554	2,473
Tobacco products	-	-	-	-	-
Textile mill products	60	55	62	65	69
Apparel and other textile products	242	219	205	230	223
Paper and allied products	1,348	1,624	1,345	1,216	1,257
Printing and publishing	1,074	1,065	1,171	1,181	1,213
Chemicals and allied products	446	514	534	567	598
Petroleum and coal products	580	374	537	527	501
Rubber and misc. plastics products	315	362	421	461	492
Leather and leather products	14	15	13	13	14
Transportation and public utilities	11,954	13,026	14,167	15,947	16,663
Transportation	4,990	5,139	5,487	5,919	6,276
Railroad transportation	445	350	444	441	460
Local and interurban passenger transit	150	159	172	206	228
Trucking and warehousing	1,636	1,730	1,792	1,922	2,050
Water transportation	757	835	892	907	898
Transportation by air	1,340	1,391	1,545	1,745	1,903
Pipelines, except natural gas	21	24	28	29	32
Transportation services	641	651	614	669	706
Communications	4,353	4,938	5,384	6,034	6,236
Electric, gas, and sanitary services	2,610	2,949	3,296	3,995	4,150

	1994	1995	1996	1997	1998
Wholesale trade	11,284	11,550	12,277	13,263	14,080
Retail trade	14,398	14,684	15,538	16,724	18,090
Finance, insurance, and real estate	25,857	27,478	29,024	31,391	34,021
Depository institutions	3,488	3,843	3,835	3,751	4,228
Nondepository institutions	552	559	648	842	1,310
Security and commodity brokers	729	689	895	1,005	1,024
Insurance carriers	1,703	2,043	2,151	2,589	2,570
Insurance agents, brokers, and service	900	920	914	993	1,027
Real estate	18,295	19,247	20,456	22,035	23,605
Holding and other investment offices	188	177	125	176	257
Services	28,339	30,112	33,169	37,777	44,247
Hotels and other lodging places	967	1,066	1,159	1,214	1,277
Personal services	989	978	987	1,049	1,102
Business services	6,280	7,350	9,498	12,926	17,564
Auto repair, services, and parking	1,436	1,556	1,641	1,782	1,907
Miscellaneous repair services	502	454	483	480	510
Motion pictures	184	192	211	204	215
Amusement and recreation services	909	1,007	1,157	1,291	1,389
Health services	8,221	8,617	9,066	9,454	9,995
Legal services	1,540	1,661	1,610	1,786	1,862
Educational services	638	701	760	797	888
Social services	931	986	1,042	1,133	1,228
Membership organizations	1,049	1,052	1,109	1,156	1,205
Other services	4,530	4,315	4,267	4,323	4,894
Private households	163	176	179	181	211
Government	22,024	22,810	23,435	25,313	26,094
Federal civilian government	4,521	4,364	3,959	4,979	4,939
Federal military government	2,980	3,115	3,414	3,539	3,418
State and local government	14,523	15,331	16,062	16,795	17,738
Addenda:					
Electronic equipment and instruments	1,209	1,474	1,552	1,716	1,953
Depository and nondepository institutions	4,041	4,402	4,482	4,593	5,538
Business, misc. professional, and other services	10,810	11,665	13,764	17,250	22,458

Table 4.3

Washington Gross State Product by Industry

(Millions of Chained 1996 Dollars)

	1989	1990	1991	1992	1993
Total gross state product	128,737	136,778	139,821	144,567	148,365
Agriculture, forestry, and fishing	3,745	4,164	4,457	4,720	4,705
Farms	2,029	2,185	2,464	2,959	3,003
Agricultural services, forestry, and fishing	1,712	1,987	1,992	1,760	1,706
Mining	237	259	282	286	285
Metal mining	67	78	103	83	68
Coal mining	33	37	44	53	53
Oil and gas extraction	19	15	12	4	2
Nonmetallic minerals, except fuels	126	137	126	144	158
Construction	5,959	6,780	7,089	7,573	7,509
Manufacturing	23,029	22,897	20,852	20,869	21,028
Durable goods	15,731	16,021	15,303	15,063	14,479
Lumber and wood products	3,663	3,287	2,871	2,691	2,498
Furniture and fixtures	187	210	165	163	159
Stone, clay, and glass products	407	425	430	461	408
Primary metal industries	915	899	850	859	686
Fabricated metal products	651	671	602	565	553
Industrial machinery and equipment	664	753	688	779	898
Electronic and other electric equip.	322	335	404	343	427
Motor vehicles and equipment	417	418	377	401	551
Other transportation equipment	7,722	8,138	8,002	8,037	7,489
Instruments and related products	1,020	1,026	976	764	630
Miscellaneous manufacturing industries	285	303	278	297	347
Nondurable goods	7,223	6,807	5,504	5,760	6,528
Food and kindred products	1,968	1,795	1,822	2,083	2,267
Tobacco products	-	-	-	-	-
Textile mill products	41	54	57	56	60
Apparel and other textile products	185	149	145	186	241
Paper and allied products	1,820	1,666	1,598	1,363	1,640
Printing and publishing	1,234	1,128	1,146	1,160	1,284
Chemicals and allied products	1,022	1,143	512	461	501
Petroleum and coal products	609	555	129	223	303
Rubber and misc. plastics products	240	225	229	276	275
Leather and leather products	15	14	13	15	15
Transportation and public utilities	8,666	9,580	10,079	10,513	11,215
Transportation	3,771	4,073	4,113	4,357	4,481
Railroad transportation	293	313	337	377	399
Local and interurban passenger transit	136	139	142	153	164
Trucking and warehousing	1,255	1,312	1,380	1,489	1,518
Water transportation	630	686	660	698	717
Transportation by air	927	1,032	998	1,075	1,107
Pipelines, except natural gas	31	38	34	24	23
Transportation services	507	560	570	547	561
Communications	2,767	3,127	3,414	3,683	4,256
Electric, gas, and sanitary services	2,114	2,374	2,557	2,464	2,474

	1989	1990	1991	1992	1993
Wholesale trade	8,602	8,940	9,602	10,383	10,637
Retail trade	11,697	12,377	12,634	13,173	13,538
Finance, insurance, and real estate	23,007	25,019	25,757	26,295	27,350
Depository institutions	4,028	4,976	4,922	4,095	4,291
Nondepository institutions	428	409	400	522	699
Security and commodity brokers	410	372	383	475	600
Insurance carriers	1,788	1,790	2,174	1,988	2,146
Insurance agents, brokers, and service	1,060	1,129	1,165	1,103	1,014
Real estate	15,219	16,336	16,793	17,956	18,334
Holding and other investment offices	181	182	174	259	376
Services	22,597	24,843	26,584	27,994	28,888
Hotels and other lodging places	840	889	928	947	968
Personal services	938	953	964	983	1,045
Business services	3,607	4,515	4,884	5,645	5,817
Auto repair, services, and parking	1,273	1,387	1,431	1,371	1,427
Miscellaneous repair services	544	603	560	523	504
Motion pictures	174	172	179	181	201
Amusement and recreation services	677	750	785	898	918
Health services	7,450	7,832	8,216	8,609	8,730
Legal services	1,647	1,655	1,644	1,707	1,647
Educational services	538	541	596	615	653
Social services	610	688	782	861	947
Membership organizations	3,437	3,877	4,548	4,502	4,811
Other services	799	856	941	990	1,047
Private households	154	160	149	162	169
Government	21,280	22,032	22,635	22,898	23,318
Federal civilian government	4,953	5,408	5,006	4,672	4,740
Federal military government	3,086	3,133	3,164	3,155	3,166
State and local government	13,265	13,539	14,480	15,070	15,412
Addenda:					
Electronic equipment and instruments	1,139	1,162	1,226	995	1,004
Depository and nondepository institutions	4,456	5,357	5,294	4,613	4,996
Business, misc. professional, and other services	7,033	8,397	9,425	10,154	10,633

Table 4.3 (cont'd.)

Washington Gross State Product by Industry
(Millions of Chained 1996 Dollars)

	1994	1995	1996	1997	1998
Total gross state product	153,150	154,217	161,954	173,451	186,958
Agriculture, forestry, and fishing	4,733	4,684	4,728	4,818	4,989
Farms	3,021	2,887	3,072	3,099	3,293
Agricultural services, forestry, and fishing	1,715	1,787	1,657	1,716	1,711
Mining	356	336	344	362	422
Metal mining	136	117	121	122	161
Coal mining	58	64	71	73	82
Oil and gas extraction	4	2	3	1	1
Nonmetallic minerals, except fuels	159	153	149	166	182
Construction	7,801	7,492	8,011	8,552	8,683
Manufacturing	21,388	20,189	21,260	21,940	24,959
Durable goods	14,545	13,277	14,382	15,290	18,642
Lumber and wood products	2,332	2,374	2,130	2,105	2,051
Furniture and fixtures	150	158	176	191	224
Stone, clay, and glass products	487	502	497	589	610
Primary metal industries	706	889	823	823	913
Fabricated metal products	694	985	822	911	927
Industrial machinery and equipment	847	950	1,267	1,553	1,912
Electronic and other electric equip.	507	717	932	1,200	1,521
Motor vehicles and equipment	572	706	634	724	817
Other transportation equipment	7,393	4,808	5,963	6,072	8,462
Instruments and related products	603	730	621	577	673
Miscellaneous manufacturing industries	400	470	516	573	592
Nondurable goods	6,830	6,915	6,878	6,655	6,381
Food and kindred products	2,435	2,793	2,590	2,450	2,300
Tobacco products	-	-	-	-	-
Textile mill products	63	58	62	63	66
Apparel and other textile products	241	225	205	229	216
Paper and allied products	1,650	1,438	1,345	1,323	1,267
Printing and publishing	1,192	1,175	1,171	1,121	1,091
Chemicals and allied products	468	505	534	566	563
Petroleum and coal products	435	347	537	432	400
Rubber and misc. plastics products	315	369	421	470	481
Leather and leather products	15	15	13	13	13
Transportation and public utilities	11,843	12,849	14,167	15,666	15,966
Transportation	4,878	4,957	5,487	5,790	5,797
Railroad transportation	422	337	444	437	431
Local and interurban passenger transit	166	169	172	205	218
Trucking and warehousing	1,615	1,683	1,792	1,884	1,859
Water transportation	748	810	892	915	861
Transportation by air	1,279	1,294	1,545	1,663	1,693
Pipelines, except natural gas	21	22	28	31	34
Transportation services	628	647	614	653	700
Communications	4,355	4,939	5,384	5,960	6,187
Electric, gas, and sanitary services	2,600	2,954	3,296	3,917	3,987

	1994	1995	1996	1997	1998
Wholesale trade	11,341	11,144	12,277	13,655	15,231
Retail trade	14,321	14,562	15,538	16,841	18,410
Finance, insurance, and real estate	27,719	28,410	29,024	30,397	32,504
Depository institutions	3,961	4,096	3,835	3,344	3,765
Nondepository institutions	561	547	648	907	1,462
Security and commodity brokers	711	678	895	1,064	1,193
Insurance carriers	2,085	2,209	2,151	2,400	2,328
Insurance agents, brokers, and service	1,025	973	914	946	942
Real estate	19,133	19,713	20,456	21,644	22,739
Holding and other investment offices	272	218	125	136	173
Services	30,291	31,099	33,169	36,496	41,052
Hotels and other lodging places	997	1,082	1,159	1,138	1,067
Personal services	1,037	1,006	987	1,011	1,038
Business services	6,781	7,642	9,498	12,520	16,300
Auto repair, services, and parking	1,505	1,575	1,641	1,717	1,768
Miscellaneous repair services	556	492	483	455	451
Motion pictures	199	203	211	200	207
Amusement and recreation services	971	1,045	1,157	1,253	1,303
Health services	8,703	8,840	9,066	9,199	9,421
Legal services	1,653	1,727	1,610	1,708	1,711
Educational services	688	736	760	764	814
Social services	996	1,025	1,042	1,087	1,113
Membership organizations	4,874	4,437	4,267	4,173	4,590
Other services	1,153	1,102	1,109	1,096	1,089
Private households	174	181	179	177	200
Government	23,405	23,499	23,435	24,722	24,784
Federal civilian government	4,927	4,491	3,959	4,891	4,755
Federal military government	3,223	3,305	3,414	3,465	3,299
State and local government	15,261	15,702	16,062	16,369	16,728
Addenda:					
Electronic equipment and instruments	1,082	1,430	1,552	1,765	2,168
Depository and nondepository institutions	4,519	4,638	4,482	4,225	5,127
Business, misc. professional, and other services	11,662	12,083	13,764	16,692	20,891

Table 4.4
Washington Gross State Product by Component, 1998
(Millions of Current Dollars)

	Total	Compensation	Indirect Business Taxes	Other
Total Gross State Product	192,864	112,068	19,189	61,607
Agriculture, forestry, and fishing	4,460	1,846	270	2,344
Farms	2,621	989	132	1,500
Agricultural services, forestry, and fishing	1,839	857	138	844
Mining	374	176	27	171
Metal mining	113	32	6	75
Coal mining	75	(D)	13	(D)
Oil and gas extraction	1	(D)	0	(D)
Nonmetallic minerals, except fuels	187	106	9	72
Construction	9,451	6,121	1,126	2,205
Manufacturing	25,382	19,431	1,157	4,795
Durable goods	18,543	14,907	785	2,850
Lumber and wood products	2,135	1,489	92	553
Furniture and fixtures	238	159	6	74
Stone, clay, and glass products	647	406	22	219
Primary metal industries	901	658	58	185
Fabricated metal products	978	603	30	345
Industrial machinery and equipment	1,515	1,382	55	78
Electronic and other electric equipment	1,153	828	40	285
Motor vehicles and equipment	818	319	11	488
Other transportation equipment	8,737	7,721	418	599
Instruments and related products	800	993	34	-227
Miscellaneous manufacturing industries	620	350	19	252
Nondurable goods	6,839	4,524	372	1,944
Food and kindred products	2,473	1,484	171	818
Tobacco products	0	0	0	0
Textile mill products	69	46	3	20
Apparel and other textile products	223	202	5	16
Paper and allied products	1,257	950	64	242
Printing and publishing	1,213	932	40	241
Chemicals and allied products	598	385	42	171
Petroleum and coal products	501	161	31	309
Rubber and misc. plastics products	492	351	15	126
Leather and leather products	14	12	0	1
Transportation and public utilities	16,663	6,775	1,846	8,042
Transportation	6,276	3,942	585	1,749
Railroad transportation	460	(D)	16	(D)
Local and interurban passenger transit	228	158	14	56
Trucking and warehousing	2,050	1,197	130	723
Water transportation	898	567	100	230
Transportation by air	1,903	1,167	278	457
Pipelines, except natural gas	32	(D)	5	(D)
Transportation services	706	498	41	167
Communications	6,236	1,870	349	4,017
Electric, gas, and sanitary services	4,150	962	912	2,276

	Total	Comp.	IBT	Other
Wholesale trade	14,080	7,175	3,783	3,122
Retail trade	18,090	10,178	3,723	4,189
Finance, insurance, and real estate	34,021	6,743	5,146	22,132
Depository institutions	4,228	1,598	186	2,444
Nondepository institutions	1,310	711	99	501
Security and commodity brokers	1,024	811	105	109
Insurance carriers	2,570	1,532	368	670
Insurance agents, brokers, and service	1,027	722	35	269
Real estate	23,605	1,101	4,322	18,182
Holding and other investment offices	257	268	32	-44
Services	44,247	31,481	2,112	10,655
Hotels and other lodging places	1,277	584	247	446
Personal services	1,102	505	74	523
Business services	17,564	12,682	584	4,298
Auto repair, services, and parking	1,907	801	322	783
Miscellaneous repair services	510	278	17	215
Motion pictures	215	161	13	41
Amusement and recreation services	1,389	921	69	399
Health services	9,995	7,568	416	2,011
Legal services	1,862	1,071	77	715
Educational services	888	790	19	80
Social services	1,228	1,172	22	33
Membership organizations	4,894	(D)	233	(D)
Other services	1,205	1,142	18	45
Private households	211	(D)	0	(D)
Government	26,094	22,142	0	3,953
Federal civilian government	4,939	4,224	0	714
Federal military government	3,418	2,906	0	512
State and local government	17,738	15,012	0	2,726
Addenda:				
Electronic equipment and instruments	1,953	1,821	74	58
Depository and nondepository institutions	5,538	2,309	284	2,945
Business, misc. professional, and other services	22,458	(D)	817	(D)

(D) Not shown in order to avoid the disclosure of confidential information; estimates are included in higher level totals.

Detail Components of the Washington Economic Forecast

Calendar Years

Table A1.1
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	7,813.2	8,159.4	8,515.6	8,875.7	9,320.4	9,512.4	9,844.7	10,212.3
% Ch	3.6	4.4	4.4	4.2	5.0	2.1	3.5	3.7
Real Consumption	5237.5	5423.9	5678.7	5978.8	6294.6	6490.1	6721.5	6950.5
% Ch	3.2	3.6	4.7	5.3	5.3	3.1	3.6	3.4
Real Nonresidential Fixed Investment	899.4	1,009.3	1,140.3	1,255.3	1,412.5	1,459.4	1,527.0	1,629.1
% Ch	10.0	12.2	13.0	10.1	12.5	3.3	4.6	6.7
Real Residential Fixed Investment	313.3	319.7	346.1	368.3	366.6	355.8	366.1	368.6
% Ch	7.4	2.0	8.3	6.4	-0.5	-2.9	2.9	0.7
Real Personal Income	6,547.3	6,804.9	7,173.5	7,429.8	7,713.2	7,939.8	8,170.1	8,445.3
% Ch	3.4	3.9	5.4	3.6	3.8	2.9	2.9	3.4
Real Per Capita Income (\$/Person)	24,629	25,357	26,488	27,190	27,978	28,541	29,107	29,823
% Ch	2.4	3.0	4.5	2.7	2.9	2.0	2.0	2.5
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.000	1.019	1.030	1.048	1.074	1.094	1.118	1.145
% Ch	2.1	1.9	1.1	1.8	2.4	1.9	2.2	2.4
U.S. Consumer Price Index (1982-84=1.0)	1.570	1.606	1.631	1.667	1.723	1.766	1.809	1.853
% Ch	2.9	2.3	1.6	2.2	3.4	2.5	2.4	2.4
Employment Cost Index (June 1989=1.0)	1.260	1.304	1.357	1.402	1.459	1.516	1.575	1.638
% Ch	3.3	3.5	4.0	3.4	4.1	3.9	3.9	4.0
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	7,813.2	8,318.4	8,790.2	9,299.2	9,965.7	10,397.9	11,010.2	11,688.1
% Ch	5.6	6.5	5.7	5.8	7.2	4.3	5.9	6.2
Personal Income	6,547.4	6,937.0	7,391.0	7,789.7	8,281.7	8,684.5	9,133.2	9,667.0
% Ch	5.6	6.0	6.5	5.4	6.3	4.9	5.2	5.8
Employment (Millions)								
U.S. Civilian Labor Force	134.0	136.3	137.7	139.4	140.9	142.2	143.6	145.2
Total U.S. Employment	126.7	129.6	131.5	133.5	135.2	135.3	136.3	137.9
Unemployment Rate (%)	5.41	4.95	4.51	4.23	4.01	4.82	5.12	5.06
Wage and Salary Employment	119.60	122.68	125.85	128.77	131.41	132.52	133.44	135.09
% Ch	2.1	2.6	2.6	2.3	2.0	0.8	0.7	1.2
Manufacturing	18.50	18.68	18.81	18.54	18.44	17.92	17.33	17.18
% Ch	-0.2	1.0	0.7	-1.4	-0.5	-2.8	-3.3	-0.9
Durable Manufacturing	10.79	11.01	11.21	11.10	11.09	10.73	10.34	10.29
% Ch	1.0	2.0	1.8	-0.9	-0.1	-3.2	-3.7	-0.5
Nondurable Manufacturing	7.71	7.67	7.60	7.44	7.35	7.18	6.99	6.89
% Ch	-1.7	-0.5	-0.8	-2.1	-1.2	-2.3	-2.7	-1.5
Nonmanufacturing	101.10	104.00	107.04	110.23	112.96	114.60	116.10	117.91
% Ch	2.5	2.9	2.9	3.0	2.5	1.5	1.3	1.6
Services	34.46	36.04	37.53	39.02	40.38	41.42	42.46	43.57
% Ch	4.0	4.6	4.1	4.0	3.5	2.6	2.5	2.6
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.4	20.4	20.2	20.5	21.2	21.4	20.8	20.6
Auto Sales (Millions)	8.5	8.3	8.1	8.7	8.9	8.3	8.5	8.5
% Ch	-1.8	-3.0	-1.6	6.8	1.8	-6.2	2.1	-0.2
Housing Starts (Millions)	1.469	1.475	1.621	1.676	1.606	1.471	1.521	1.513
% Ch	7.9	0.4	9.9	3.4	-4.2	-8.4	3.4	-0.6
Federal Budget Surplus (Billions)	-136.8	-53.3	49.0	124.5	257.4	223.0	127.3	76.0
Net Exports (Billions)	-89.0	-89.3	-151.5	-254.0	-370.4	-398.1	-416.3	-416.5
3-Month Treasury Bill Rate (%)	5.01	5.06	4.78	4.64	5.82	4.38	4.69	5.09
30-Year U.S. Govt. Bond Rate (%)	6.70	6.61	5.58	5.87	5.94	5.43	5.93	6.32
Bond Index of 20 G.O. Munis. (%)	5.76	5.52	5.09	5.43	5.70	5.01	5.15	5.83
Mortgage Rate (%)	7.81	7.60	6.95	7.43	8.06	6.79	7.25	7.76

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	8,404.9	8,465.6	8,537.6	8,654.5	8,730.0	8,783.2	8,905.8	9,084.1
% Ch	6.5	2.9	3.4	5.6	3.5	2.5	5.7	8.3
Real Consumption	5,572.4	5,651.6	5,711.0	5,779.8	5,860.2	5,940.2	6,013.8	6,101.0
% Ch	4.8	5.8	4.3	4.9	5.7	5.6	5.0	5.9
Real Nonresidential Fixed Investment	1,096.0	1,136.4	1,146.3	1,182.3	1,209.4	1,237.5	1,272.5	1,301.8
% Ch	20.1	15.6	3.5	13.2	9.5	9.6	11.8	9.5
Real Residential Fixed Investment	332.4	342.4	350.9	358.5	365.7	370.9	368.0	368.5
% Ch	9.6	12.6	10.3	8.9	8.2	5.9	-3.1	0.5
Real Personal Income	7,053.0	7,137.5	7,215.0	7,288.4	7,334.0	7,390.5	7,449.3	7,545.3
% Ch	7.3	4.9	4.4	4.1	2.5	3.1	3.2	5.3
Real Per Capita Income (\$/Person)	26,132	26,385	26,612	26,823	26,930	27,077	27,232	27,522
% Ch	6.3	3.9	3.5	3.2	1.6	2.2	2.3	4.3
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.025	1.028	1.032	1.036	1.040	1.046	1.051	1.057
% Ch	0.4	1.2	1.4	1.5	1.7	2.3	1.9	2.2
U.S. Consumer Price Index (1982-84=1.0)	1.621	1.628	1.635	1.642	1.649	1.662	1.672	1.684
% Ch	1.0	1.7	1.7	1.7	1.7	3.3	2.5	2.9
Employment Cost Index (June 1989=1.0)	1.337	1.349	1.365	1.375	1.381	1.397	1.409	1.422
% Ch	4.0	3.6	4.8	3.0	1.8	4.7	3.5	3.7
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	8,634.7	8,722.0	8,829.1	8,974.9	9,104.5	9,191.5	9,340.9	9,559.7
% Ch	7.6	4.1	5.0	6.8	5.9	3.9	6.7	9.7
Personal Income	7,230.7	7,339.5	7,445.1	7,548.6	7,628.1	7,729.7	7,828.5	7,972.3
% Ch	7.7	6.2	5.9	5.7	4.3	5.4	5.2	7.6
Employment (Millions)								
U.S. Civilian Labor Force	137.1	137.3	137.8	138.4	138.9	139.1	139.5	140.0
Total U.S. Employment	130.8	131.2	131.6	132.3	132.9	133.2	133.6	134.3
Unemployment Rate (%)	4.67	4.43	4.50	4.43	4.30	4.30	4.23	4.10
Wage and Salary Employment	124.75	125.49	126.18	126.97	127.80	128.43	129.07	129.78
% Ch	2.6	2.4	2.2	2.5	2.6	2.0	2.0	2.2
Manufacturing	18.87	18.87	18.77	18.72	18.63	18.54	18.52	18.48
% Ch	1.5	-0.0	-2.2	-1.0	-1.8	-1.9	-0.6	-0.7
Durable Manufacturing	11.23	11.24	11.18	11.17	11.13	11.09	11.10	11.09
% Ch	2.9	0.7	-2.3	-0.2	-1.6	-1.3	0.4	-0.7
Nondurable Manufacturing	7.65	7.63	7.59	7.54	7.50	7.45	7.41	7.40
% Ch	-0.5	-1.1	-2.1	-2.3	-2.1	-2.8	-2.0	-0.8
Nonmanufacturing	105.88	106.61	107.42	108.25	109.17	109.89	110.56	111.30
% Ch	2.8	2.8	3.0	3.1	3.4	2.7	2.5	2.7
Services	37.00	37.34	37.69	38.07	38.47	38.84	39.19	39.60
% Ch	4.2	3.7	3.8	4.1	4.2	3.9	3.7	4.2
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.1	20.1	20.2	20.2	20.4	20.4	20.5	20.6
Auto Sales (Millions)	8.0	8.4	7.7	8.5	8.4	8.8	8.8	8.8
% Ch	-5.3	22.0	-29.7	52.9	-7.8	21.4	1.4	0.7
Housing Starts (Millions)	1.559	1.572	1.631	1.722	1.760	1.591	1.663	1.689
% Ch	7.1	3.6	15.9	24.3	9.0	-33.2	19.5	6.5
Federal Budget Surplus (Billions)	25.9	41.9	71.9	56.4	89.7	117.5	147.3	143.3
Net Exports (Billions)	-117.5	-151.8	-167.6	-169.0	-196.1	-240.4	-280.5	-299.1
3-Month Treasury Bill Rate (%)	5.05	4.98	4.82	4.26	4.41	4.45	4.65	5.04
30-Year U.S. Govt. Bond Rate (%)	5.88	5.85	5.47	5.11	5.37	5.80	6.04	6.25
Bond Index of 20 G.O. Munis. (%)	5.12	5.18	5.07	4.98	5.05	5.21	5.56	5.91
Mortgage Rate (%)	7.05	7.09	6.86	6.77	6.88	7.21	7.80	7.83

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	9,191.8	9,318.9	9,369.5	9,401.5	9,425.7	9,480.3	9,533.4	9,610.2
% Ch	4.8	5.6	2.2	1.4	1.0	2.3	2.3	3.3
Real Consumption	6,213.5	6,260.6	6,329.8	6,374.6	6,421.1	6,461.6	6,510.7	6,567.1
% Ch	7.6	3.1	4.5	2.9	3.0	2.5	3.1	3.5
Real Nonresidential Fixed Investment	1,365.3	1,412.5	1,438.8	1,433.6	1,442.9	1,456.1	1,461.9	1,476.6
% Ch	21.0	14.6	7.7	-1.5	2.6	3.7	1.6	4.1
Real Residential Fixed Investment	371.4	372.6	362.3	360.0	357.2	355.2	354.2	356.7
% Ch	3.2	1.3	-10.6	-2.5	-3.1	-2.3	-1.1	2.9
Real Personal Income	7,606.1	7,694.3	7,759.3	7,793.1	7,880.3	7,926.6	7,955.0	7,997.2
% Ch	3.3	4.7	3.4	1.8	4.6	2.4	1.4	2.1
Real Per Capita Income (\$/Person)	27,682	27,941	28,114	28,172	28,424	28,527	28,564	28,651
% Ch	2.4	3.8	2.5	0.8	3.6	1.5	0.5	1.2
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.066	1.071	1.076	1.082	1.085	1.091	1.097	1.102
% Ch	3.5	2.1	1.8	2.2	1.0	2.3	2.4	1.8
U.S. Consumer Price Index (1982-84=1.0)	1.702	1.717	1.730	1.742	1.749	1.761	1.773	1.782
% Ch	4.3	3.7	3.1	2.7	1.7	2.7	2.7	2.1
Employment Cost Index (June 1989=1.0)	1.439	1.454	1.467	1.478	1.495	1.509	1.524	1.537
% Ch	4.9	4.2	3.6	3.0	4.6	3.8	4.0	3.5
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	9,752.7	9,945.7	10,039.4	10,125.0	10,212.1	10,332.7	10,453.5	10,593.2
% Ch	8.3	8.2	3.8	3.5	3.5	4.8	4.8	5.5
Personal Income	8,105.8	8,242.1	8,349.0	8,429.8	8,546.3	8,646.5	8,729.3	8,815.7
% Ch	6.9	6.9	5.3	3.9	5.6	4.8	3.9	4.0
Employment (Millions)								
U.S. Civilian Labor Force	140.7	140.8	140.7	141.2	141.6	142.0	142.4	142.7
Total U.S. Employment	135.0	135.2	135.0	135.6	135.5	135.3	135.3	135.4
Unemployment Rate (%)	4.03	4.03	4.00	3.97	4.35	4.76	5.01	5.16
Wage and Salary Employment	130.63	131.55	131.62	131.83	132.38	132.52	132.58	132.61
% Ch	2.6	2.9	0.2	0.6	1.7	0.4	0.2	0.1
Manufacturing	18.48	18.49	18.45	18.35	18.19	18.03	17.82	17.63
% Ch	-0.0	0.1	-0.7	-2.3	-3.4	-3.6	-4.4	-4.3
Durable Manufacturing	11.09	11.11	11.10	11.05	10.94	10.81	10.66	10.52
% Ch	0.3	0.6	-0.4	-1.9	-3.8	-4.7	-5.4	-5.0
Nondurable Manufacturing	7.39	7.38	7.35	7.30	7.25	7.22	7.16	7.11
% Ch	-0.5	-0.5	-1.3	-2.9	-2.8	-1.7	-2.9	-3.2
Nonmanufacturing	112.14	113.06	113.17	113.48	114.19	114.50	114.75	114.98
% Ch	3.1	3.3	0.4	1.1	2.5	1.1	0.9	0.8
Services	39.95	40.27	40.55	40.75	41.11	41.33	41.54	41.72
% Ch	3.6	3.3	2.8	2.0	3.5	2.2	2.1	1.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.8	21.0	21.2	21.6	21.6	21.5	21.3	21.1
Auto Sales (Millions)	9.4	8.9	8.8	8.3	8.4	8.2	8.3	8.3
% Ch	26.8	-16.9	-5.9	-21.7	6.2	-9.1	3.7	0.1
Housing Starts (Millions)	1.732	1.605	1.528	1.558	1.522	1.439	1.439	1.485
% Ch	10.5	-26.3	-17.9	8.2	-8.8	-20.3	0.0	13.4
Federal Budget Surplus (Billions)	235.8	240.9	253.3	299.8	255.2	240.7	211.3	184.8
Net Exports (Billions)	-335.2	-355.4	-389.5	-401.6	-387.8	-393.7	-407.7	-403.4
3-Month Treasury Bill Rate (%)	5.52	5.71	6.02	6.02	4.89	4.24	4.18	4.22
30-Year U.S. Govt. Bond Rate (%)	6.30	5.98	5.80	5.69	5.45	5.35	5.42	5.50
Bond Index of 20 G.O. Munis. (%)	5.96	5.85	5.56	5.45	5.36	5.02	4.89	4.79
Mortgage Rate (%)	8.26	8.32	8.03	7.64	7.15	6.60	6.67	6.75

Table A1.2
U.S. Economic Forecast Summary
 Forecast 2001 to 2003

	2002:1	2002:02	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real National Income Accounts (Billions of Chained 1996 Dollars)								
Real Gross Domestic Product	9,703.0	9,809.1	9,892.5	9,974.2	10,073.3	10,178.5	10,253.4	10,344.1
% Ch	3.9	4.4	3.4	3.3	4.0	4.2	3.0	3.6
Real Consumption	6,628.3	6,701.8	6,755.6	6,800.3	6,861.9	6,933.2	6,978.9	7,028.2
% Ch	3.8	4.5	3.3	2.7	3.7	4.2	2.7	2.9
Real Nonresidential Fixed Investment	1,492.2	1,514.2	1,538.1	1,563.6	1,588.4	1,616.6	1,643.0	1,668.5
% Ch	4.3	6.0	6.5	6.8	6.5	7.3	6.7	6.3
Real Residential Fixed Investment	360.9	366.0	368.8	368.8	367.5	369.0	368.3	369.8
% Ch	4.8	5.7	3.1	0.0	-1.4	1.6	-0.7	1.6
Real Personal Income	8,068.6	8,140.7	8,205.9	8,265.2	8,343.7	8,417.3	8,479.9	8,540.5
% Ch	3.6	3.6	3.2	2.9	3.9	3.6	3.0	2.9
Real Per Capita Income (\$/Person)	28,842	29,035	29,203	29,349	29,562	29,757	29,913	30,062
% Ch	2.7	2.7	2.3	2.0	2.9	2.7	2.1	2.0
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.108	1.114	1.121	1.128	1.134	1.141	1.148	1.155
% Ch	2.1	2.3	2.4	2.4	2.4	2.4	2.4	2.5
U.S. Consumer Price Index (1982-84=1.0)	1.792	1.803	1.814	1.825	1.836	1.847	1.858	1.870
% Ch	2.3	2.4	2.5	2.5	2.4	2.4	2.4	2.5
Employment Cost Index (June 1989=1.0)	1.553	1.567	1.582	1.598	1.614	1.629	1.645	1.662
% Ch	4.2	3.8	3.9	4.0	4.0	4.0	3.9	4.1
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	10,759.6	10,936.8	11,094.4	11,249.9	11,431.7	11,615.2	11,766.1	11,939.5
% Ch	6.4	6.8	5.9	5.7	6.6	6.6	5.3	6.0
Personal Income	8,940.7	9,071.4	9,199.0	9,321.6	9,465.6	9,604.9	9,733.7	9,863.8
% Ch	5.8	6.0	5.7	5.4	6.3	6.0	5.5	5.5
Employment (Millions)								
U.S. Civilian Labor Force	143.1	143.4	143.8	144.2	144.6	145.0	145.5	145.9
Total U.S. Employment	135.6	136.1	136.5	136.9	137.3	137.7	138.1	138.5
Unemployment Rate (%)	5.20	5.14	5.08	5.07	5.05	5.03	5.06	5.08
Wage and Salary Employment	132.87	133.28	133.63	133.96	134.41	134.91	135.31	135.74
% Ch	0.8	1.2	1.1	1.0	1.3	1.5	1.2	1.3
Manufacturing	17.46	17.36	17.29	17.22	17.18	17.18	17.19	17.17
% Ch	-3.7	-2.4	-1.5	-1.6	-1.1	0.2	0.0	-0.4
Durable Manufacturing	10.41	10.34	10.31	10.29	10.27	10.28	10.30	10.30
% Ch	-4.1	-2.7	-1.1	-0.8	-0.8	0.4	0.8	0.0
Nondurable Manufacturing	7.05	7.02	6.98	6.93	6.90	6.90	6.88	6.86
% Ch	-3.2	-1.9	-2.1	-2.8	-1.4	-0.2	-1.1	-1.1
Nonmanufacturing	115.41	115.92	116.34	116.74	117.23	117.72	118.12	118.57
% Ch	1.5	1.8	1.5	1.4	1.7	1.7	1.4	1.5
Services	42.01	42.33	42.61	42.87	43.17	43.46	43.69	43.94
% Ch	2.9	3.0	2.7	2.5	2.8	2.7	2.1	2.4
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	20.9	20.8	20.8	20.7	20.7	20.6	20.6	20.5
Auto Sales (Millions)	8.4	8.5	8.5	8.5	8.5	8.6	8.5	8.3
% Ch	3.4	5.9	3.0	-1.0	-1.6	3.6	-4.6	-6.2
Housing Starts (Millions)	1.511	1.519	1.528	1.527	1.505	1.501	1.518	1.528
% Ch	7.3	2.1	2.4	-0.1	-5.8	-1.0	4.4	2.7
Federal Budget Surplus (Billions)	155.5	124.7	120.9	108.3	86.7	44.7	89.6	83.0
Net Exports (Billions)	-404.6	-418.1	-425.7	-416.8	-409.8	-420.3	-423.4	-412.5
3-Month Treasury Bill Rate (%)	4.31	4.58	4.83	5.06	5.08	5.10	5.09	5.10
30-Year U.S. Govt. Bond Rate (%)	5.60	5.84	6.05	6.24	6.27	6.31	6.34	6.37
Bond Index of 20 G.O. Munis. (%)	4.81	5.04	5.24	5.52	5.70	5.73	5.91	5.98
Mortgage Rate (%)	6.85	7.08	7.38	7.67	7.73	7.74	7.77	7.80

Table A1.3
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	139.320	147.416	158.062	166.854	173.790	176.036	181.462	188.182
% Ch	5.2	5.8	7.2	5.6	4.2	1.3	3.1	3.7
Real Wage and Salary Disb.	77.304	83.764	91.276	98.611	102.748	103.255	106.222	109.907
% Ch	5.6	8.4	9.0	8.0	4.2	0.5	2.9	3.5
Real Nonwage Income	62.016	63.652	66.786	68.244	71.042	72.780	75.240	78.275
% Ch	4.6	2.6	4.9	2.2	4.1	2.4	3.4	4.0
Real Per Capita Income (\$/Person)	24,782	25,792	27,262	28,451	29,376	29,438	29,922	30,553
% Ch	3.4	4.1	5.7	4.4	3.3	0.2	1.6	2.1
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.000	1.019	1.030	1.048	1.074	1.094	1.118	1.145
% Ch	2.1	1.9	1.1	1.8	2.4	1.9	2.2	2.4
Seattle Cons. Price Index (1982-84=1.0)	1.575	1.630	1.678	1.728	1.792	1.848	1.894	1.937
% Ch	3.4	3.5	2.9	3.0	3.7	3.1	2.5	2.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	14.73	15.14	15.75	16.14	16.76	17.34	17.67	18.04
% Ch	0.0	2.8	4.0	2.5	3.9	3.4	1.9	2.1
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	138.45	149.82	162.32	174.87	186.51	192.19	202.33	214.825
% Ch	7.2	8.2	8.3	7.7	6.7	3.0	5.3	6.2
Personal Income	139.328	150.283	162.855	174.948	186.585	192.547	202.854	215.405
% Ch	7.4	7.9	8.4	7.4	6.7	3.2	5.4	6.2
Disposable Personal Income	120.821	129.294	139.257	149.073	157.484	162.713	173.895	185.853
% Ch	6.5	7.0	7.7	7.0	5.6	3.3	6.9	6.9
Per Capita Income (\$/Person)	24,783	26,294	28,088	29,831	31,539	32,198	33,449	34,971
% Ch	5.6	6.1	6.8	6.2	5.7	2.1	3.9	4.6
Employment (Thousands)								
Washington Civilian Labor Force	2,878.6	2,981.2	3,037.2	3,074.6	3,045.8	3,099.6	3,151.7	3,216.4
Total Washington Employment	2,691.6	2,839.6	2,892.5	2,929.2	2,887.9	2,939.0	2,978.0	3,035.4
Unemployment Rate (%)	6.50	4.75	4.76	4.73	5.18	5.18	5.51	5.63
Wage and Salary Employment	2415.6	2514.2	2594.7	2648.7	2716.5	2762.9	2802.6	2859.55
% Ch	2.9	4.1	3.2	2.1	2.6	1.7	1.4	2.0
Manufacturing	344.78	370.02	379.56	364.12	351.35	347.99	347.63	352.734
% Ch	3.7	7.3	2.6	-4.1	-3.5	-1.0	-0.1	1.5
Durable Manufacturing	235.0	261.3	271.0	255.8	243.5	241.8	242.8	247.9
% Ch	5.0	11.2	3.7	-5.6	-4.8	-0.7	0.4	2.1
Aerospace	86.3	105.0	112.4	98.9	86.2	86.0	87.8	90.5
% Ch	7.7	21.6	7.1	-12.0	-12.8	-0.2	2.1	3.0
Nondurable Manufacturing	109.73	108.76	108.59	108.33	107.85	106.18	104.85	104.83
% Ch	1.1	-0.9	-0.2	-0.2	-0.4	-1.6	-1.3	-0.0
Nonmanufacturing	2,070.8	2,144.2	2,215.1	2,284.6	2,365.1	2,414.9	2,455.0	2,506.8
% Ch	2.8	3.5	3.3	3.1	3.5	2.1	1.7	2.1
Construction	127.8	136.3	143.7	153.8	161.7	167.4	168.1	170.1
% Ch	4.8	6.6	5.4	7.1	5.2	3.5	0.4	1.2
Services	649.1	678.8	709.3	739.7	781.2	808.8	833.4	861.3
% Ch	4.1	4.6	4.5	4.3	5.6	3.5	3.0	3.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.597	41.089	45.727	42.752	41.369	39.060	42.876	42.760
% Ch	3.8	3.8	11.3	-6.5	-3.2	-5.6	9.8	-0.3
Single-Family	27.015	27.776	28.644	28.111	27.283	26.526	26.982	26.222
% Ch	0.9	2.8	3.1	-1.9	-2.9	-2.8	1.7	-2.8
Multi-Family	12.582	13.313	17.083	14.641	14.086	12.534	15.894	16.537
% Ch	10.5	5.8	28.3	-14.3	-3.8	-11.0	26.8	4.1
Mortgage Rate (%)	7.81	7.60	6.95	7.43	8.06	6.79	7.25	7.76

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	154.559	157.185	159.563	160.940	163.580	163.609	167.970	172.257
% Ch	11.0	7.0	6.2	3.5	6.7	0.1	11.1	10.6
Real Wage and Salary Disb.	88.699	90.666	92.445	93.295	96.319	95.751	99.619	102.754
% Ch	12.7	9.2	8.1	3.7	13.6	-2.3	17.2	13.2
Real Nonwage Income	65.859	66.518	67.120	67.645	67.260	67.858	68.352	69.504
% Ch	8.7	4.1	3.7	3.2	-2.3	3.6	2.9	6.9
Real Per Capita Income (\$/Person)	26,794	27,157	27,476	27,620	27,980	27,927	28,614	29,285
% Ch	9.4	5.5	4.8	2.1	5.3	-0.7	10.2	9.7
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.025	1.028	1.032	1.036	1.040	1.046	1.051	1.057
% Ch	0.4	1.2	1.4	1.5	1.7	2.3	1.9	2.2
Seattle Cons. Price Index (1982-84=1.0)	1.664	1.667	1.683	1.696	1.709	1.722	1.733	1.748
% Ch	4.2	0.6	3.9	3.0	3.2	3.1	2.6	3.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	15.49	15.67	15.85	15.99	15.98	16.06	16.24	16.29
% Ch	2.2	4.7	4.5	3.7	-0.3	2.1	4.4	1.3
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	157.934	161.145	164.216	165.973	170.100	171.073	176.561	181.749
% Ch	11.3	8.4	7.8	4.3	10.3	2.3	13.5	12.3
Personal Income	158.449	161.629	164.660	166.683	170.141	171.126	176.520	182.005
% Ch	11.4	8.3	7.7	5.0	8.6	2.3	13.2	13.0
Disposable Personal Income	135.751	138.365	140.685	142.228	145.312	146.035	150.274	154.671
% Ch	10.7	7.9	6.9	4.5	9.0	2.0	12.1	12.2
Per Capita Income (\$/Person)	27,468	27,925	28,353	28,606	29,102	29,211	30,070	30,942
% Ch	9.8	6.8	6.3	3.6	7.1	1.5	12.3	12.1
Employment (Thousands)								
Washington Civilian Labor Force	3,022.3	3,027.3	3,034.8	3,064.4	3,084.4	3,086.4	3,076.6	3,051.1
Total Washington Employment	2,880.6	2,884.6	2,888.0	2,916.8	2,940.4	2,939.1	2,930.7	2,906.6
Unemployment Rate (%)	4.69	4.72	4.83	4.82	4.67	4.77	4.74	4.74
Wage and Salary Employment	2,570.8	2,586.7	2,604.5	2,616.6	2,630.7	2,633.6	2,658.4	2,672.1
% Ch	3.5	2.5	2.8	1.9	2.2	0.5	3.8	2.1
Manufacturing	381.4	381.5	380.2	375.1	370.6	366.1	361.4	358.5
% Ch	4.4	0.0	-1.3	-5.3	-4.8	-4.8	-5.0	-3.2
Durable Manufacturing	272.6	273.2	271.3	266.8	262.7	257.9	253.0	249.6
% Ch	5.6	0.9	-2.6	-6.5	-6.0	-7.1	-7.5	-5.3
Aerospace	112.4	113.7	113.2	110.3	106.3	101.1	96.0	92.1
% Ch	7.4	4.7	-1.5	-10.1	-13.5	-18.4	-18.6	-15.3
Nondurable Manufacturing	108.9	108.3	108.9	108.3	107.8	108.1	108.4	108.9
% Ch	1.5	-2.1	2.1	-2.1	-1.7	1.1	1.0	1.9
Nonmanufacturing	2,189.4	2,205.2	2,224.2	2,241.5	2,260.1	2,267.6	2,297.0	2,313.6
% Ch	3.3	2.9	3.5	3.1	3.4	1.3	5.3	2.9
Construction	140.7	141.6	144.5	147.9	150.2	152.7	155.0	157.3
% Ch	6.0	2.7	8.2	9.8	6.4	6.8	6.2	6.1
Services	698.7	706.2	712.1	720.1	727.5	732.7	745.1	753.6
% Ch	3.8	4.4	3.4	4.6	4.1	2.9	7.0	4.6
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	49.182	43.726	43.654	46.346	40.969	48.847	40.247	40.945
% Ch	86.5	-37.5	-0.7	27.0	-38.9	102.1	-53.9	7.1
Single-Family	29.501	29.453	28.210	27.412	28.353	29.032	27.876	27.183
% Ch	-2.2	-0.6	-15.9	-10.8	14.5	9.9	-15.0	-9.6
Multi-Family	19.681	14.273	15.445	18.934	12.616	19.815	12.371	13.762
% Ch	530.4	-72.3	37.1	125.9	-80.3	508.4	-84.8	53.1
Mortgage Rate (%)	7.05	7.09	6.86	6.77	6.88	7.21	7.80	7.83

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	176.083	173.397	171.905	173.775	174.706	175.686	176.389	177.362
% Ch	9.2	-6.0	-3.4	4.4	2.2	2.3	1.6	2.2
Real Wage and Salary Disb.	106.063	102.511	100.355	102.061	102.396	103.024	103.522	104.080
% Ch	13.5	-12.7	-8.2	7.0	1.3	2.5	1.9	2.2
Real Nonwage Income	70.019	70.886	71.550	71.714	72.310	72.662	72.867	73.282
% Ch	3.0	5.0	3.8	0.9	3.4	2.0	1.1	2.3
Real Per Capita Income (\$/Person)	29,874	29,346	29,021	29,264	29,349	29,430	29,455	29,517
% Ch	8.3	-6.9	-4.4	3.4	1.2	1.1	0.3	0.8
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.066	1.071	1.076	1.082	1.085	1.091	1.097	1.102
% Ch	3.5	2.1	1.8	2.2	1.0	2.3	2.4	1.8
Seattle Cons. Price Index (1982-84=1.0)	1.763	1.782	1.802	1.820	1.828	1.840	1.854	1.871
% Ch	3.6	4.4	4.6	4.0	1.7	2.8	2.9	3.8
Avg. Hourly Earnings-Mfg. (\$/Hour)	16.52	16.60	16.80	17.14	17.22	17.30	17.38	17.46
% Ch	5.8	1.8	4.8	8.5	1.8	1.8	2.0	1.7
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	187.674	185.777	184.811	187.793	189.225	191.310	193.165	195.064
% Ch	13.7	-4.0	-2.1	6.6	3.1	4.5	3.9	4.0
Personal Income	187.652	185.741	184.968	187.978	189.472	191.641	193.558	195.515
% Ch	13.0	-4.0	-1.7	6.7	3.2	4.7	4.1	4.1
Disposable Personal Income	158.962	156.958	155.987	158.029	159.297	161.488	163.921	166.148
% Ch	11.6	-4.9	-2.5	5.3	3.2	5.6	6.2	5.5
Per Capita Income (\$/Person)	31,837	31,435	31,226	31,656	31,829	32,103	32,322	32,538
% Ch	12.1	-5.0	-2.6	5.6	2.2	3.5	2.8	2.7
Employment (Thousands)								
Washington Civilian Labor Force	3,042.3	3,031.7	3,034.8	3,074.4	3,084.1	3,094.4	3,105.0	3,114.8
Total Washington Employment	2,885.8	2,873.0	2,874.5	2,918.4	2,929.4	2,936.6	2,943.0	2,946.9
Unemployment Rate (%)	5.14	5.23	5.28	5.07	5.02	5.10	5.22	5.39
Wage and Salary Employment	2,695.7	2,715.5	2,717.7	2,736.9	2,752.8	2,760.3	2,767.1	2,771.5
% Ch	3.6	3.0	0.3	2.9	2.3	1.1	1.0	0.6
Manufacturing	351.3	354.1	350.7	349.3	349.3	348.4	347.6	346.7
% Ch	-7.8	3.3	-3.8	-1.6	0.0	-1.1	-0.8	-1.1
Durable Manufacturing	242.5	245.4	243.2	242.9	242.8	241.9	241.6	241.0
% Ch	-10.9	5.0	-3.6	-0.4	-0.3	-1.4	-0.5	-0.9
Aerospace	84.0	87.6	86.9	86.4	86.2	85.8	85.9	86.3
% Ch	-30.9	18.4	-3.3	-2.1	-0.8	-2.2	0.6	2.0
Nondurable Manufacturing	108.8	108.7	107.5	106.4	106.6	106.5	106.1	105.6
% Ch	-0.3	-0.5	-4.2	-4.3	0.8	-0.4	-1.5	-1.7
Nonmanufacturing	2,344.4	2,361.4	2,367.0	2,387.6	2,403.4	2,412.0	2,419.5	2,424.9
% Ch	5.4	2.9	1.0	3.5	2.7	1.4	1.3	0.9
Construction	161.3	161.3	160.2	164.2	167.1	167.9	167.7	166.9
% Ch	10.6	-0.1	-2.7	10.4	7.3	1.8	-0.3	-2.0
Services	768.7	775.1	785.4	795.6	801.4	806.5	811.7	815.6
% Ch	8.3	3.4	5.4	5.3	3.0	2.6	2.6	1.9
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	41.678	39.006	40.755	44.036	37.444	38.017	39.327	41.454
% Ch	7.4	-23.3	19.2	36.3	-47.7	6.3	14.5	23.4
Single-Family	27.472	26.610	27.292	27.757	25.302	26.481	26.855	27.467
% Ch	4.3	-12.0	10.6	7.0	-31.0	20.0	5.8	9.4
Multi-Family	14.206	12.396	13.463	16.279	12.142	11.536	12.472	13.987
% Ch	13.5	-42.0	39.1	113.7	-69.0	-18.5	36.7	58.2
Mortgage Rate (%)	8.26	8.32	8.03	7.64	7.15	6.60	6.67	6.75

Table A1.4
Washington Economic Forecast Summary
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real Income (Billions of Chained 1996 Dollars)								
Real Personal Income	178.963	180.661	182.334	183.889	185.688	187.466	189.027	190.545
% Ch	3.7	3.9	3.8	3.5	4.0	3.9	3.4	3.3
Real Wage and Salary Disb.	104.858	105.756	106.694	107.580	108.531	109.489	110.371	111.236
% Ch	3.0	3.5	3.6	3.4	3.6	3.6	3.3	3.2
Real Nonwage Income	74.105	74.905	75.640	76.309	77.157	77.977	78.656	79.309
% Ch	4.6	4.4	4.0	3.6	4.5	4.3	3.5	3.4
Real Per Capita Income (\$/Person)	29,677	29,849	30,012	30,151	30,327	30,497	30,630	30,755
% Ch	2.2	2.3	2.2	1.9	2.4	2.3	1.8	1.6
Price and Wage Indexes								
U.S. Implicit Price Deflator (1996=1.0)	1.108	1.114	1.121	1.128	1.134	1.141	1.148	1.155
% Ch	2.1	2.3	2.4	2.4	2.4	2.4	2.4	2.5
Seattle Cons. Price Index (1982-84=1.0)	1.881	1.892	1.895	1.907	1.919	1.931	1.943	1.955
% Ch	2.3	2.3	0.7	2.5	2.5	2.5	2.5	2.6
Avg. Hourly Earnings-Mfg. (\$/Hour)	17.55	17.63	17.71	17.80	17.89	17.99	18.08	18.18
% Ch	2.0	1.9	1.9	2.1	2.1	2.1	2.1	2.2
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	197.824	200.804	203.869	206.843	210.092	213.341	216.390	219.476
% Ch	5.8	6.2	6.2	6.0	6.4	6.3	5.8	5.8
Personal Income	198.308	201.315	204.400	207.393	210.656	213.916	216.977	220.070
% Ch	5.8	6.2	6.3	6.0	6.4	6.3	5.8	5.8
Disposable Personal Income	169.294	172.631	175.490	178.166	181.553	185.392	186.956	189.511
% Ch	7.8	8.1	6.8	6.2	7.8	8.7	3.4	5.6
Per Capita Income (\$/Person)	32,885	33,261	33,644	34,005	34,405	34,800	35,159	35,521
% Ch	4.3	4.6	4.7	4.4	4.8	4.7	4.2	4.2
Employment (Thousands)								
Washington Civilian Labor Force	3,128.0	3,143.4	3,160.0	3,175.6	3,192.0	3,208.7	3,224.5	3,240.4
Total Washington Employment	2,956.6	2,970.3	2,986.0	2,999.3	3,013.8	3,029.0	3,042.5	3,056.2
Unemployment Rate (%)	5.48	5.51	5.51	5.55	5.58	5.60	5.64	5.69
Wage and Salary Employment	2,781.4	2,795.0	2,810.5	2,823.7	2,838.1	2,853.2	2,866.6	2,880.3
% Ch	1.4	2.0	2.2	1.9	2.1	2.1	1.9	1.9
Manufacturing	346.4	347.0	348.0	349.0	350.2	351.9	353.5	355.2
% Ch	-0.2	0.7	1.1	1.2	1.4	2.0	1.8	1.9
Durable Manufacturing	241.3	242.1	243.2	244.5	245.7	247.2	248.6	250.1
% Ch	0.4	1.3	1.9	2.1	2.0	2.4	2.3	2.4
Aerospace	86.9	87.5	88.2	88.8	89.5	90.1	90.8	91.5
% Ch	2.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Nondurable Manufacturing	105.2	105.0	104.8	104.5	104.5	104.8	104.9	105.1
% Ch	-1.7	-0.8	-0.7	-1.0	0.0	1.0	0.7	0.7
Nonmanufacturing	2,435.0	2,447.9	2,462.5	2,474.7	2,487.9	2,501.3	2,513.1	2,525.0
% Ch	1.7	2.1	2.4	2.0	2.1	2.2	1.9	1.9
Construction	167.1	167.7	168.4	169.1	169.6	169.9	170.2	170.6
% Ch	0.6	1.4	1.7	1.5	1.3	0.8	0.7	0.9
Services	822.3	829.5	837.5	844.2	851.3	858.3	864.5	871.1
% Ch	3.4	3.5	3.9	3.2	3.4	3.3	2.9	3.1
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	42.148	42.996	43.270	43.090	42.167	42.872	42.966	43.033
% Ch	6.9	8.3	2.6	-1.6	-8.3	6.9	0.9	0.6
Single-Family	27.531	27.337	26.835	26.226	25.771	26.198	26.373	26.546
% Ch	0.9	-2.8	-7.1	-8.8	-6.8	6.8	2.7	2.6
Multi-Family	14.617	15.659	16.434	16.864	16.395	16.674	16.593	16.487
% Ch	19.3	31.7	21.3	10.9	-10.7	7.0	-1.9	-2.5
Mortgage Rate (%)	6.85	7.08	7.38	7.67	7.73	7.74	7.77	7.80

Table A2.1

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Wage and Salary Employment	119.60	122.68	125.85	128.77	131.41	132.52	133.44	135.09
% Ch	2.1	2.6	2.6	2.3	2.0	0.8	0.7	1.2
Manufacturing	18.50	18.68	18.81	18.54	18.44	17.92	17.33	17.18
% Ch	-0.2	1.0	0.7	-1.4	-0.5	-2.8	-3.3	-0.9
Nondurable Manufacturing	7.71	7.67	7.60	7.44	7.35	7.18	6.99	6.89
% Ch	-1.7	-0.5	-0.8	-2.1	-1.2	-2.3	-2.7	-1.5
Food and Kindred Products	1.69	1.68	1.68	1.68	1.67	1.67	1.64	1.61
% Ch	-0.0	-0.4	-0.1	-0.4	-0.3	-0.1	-2.0	-1.6
Pulp and Paper	0.68	0.68	0.68	0.67	0.66	0.65	0.63	0.63
% Ch	-1.4	-0.1	-0.8	-1.4	-1.1	-1.7	-2.4	-1.4
Apparel	0.87	0.82	0.77	0.69	0.65	0.60	0.56	0.53
% Ch	-7.3	-5.0	-7.0	-9.6	-6.1	-7.0	-7.1	-5.9
Printing	1.54	1.55	1.56	1.55	1.56	1.54	1.49	1.48
% Ch	-0.3	0.8	0.8	-0.8	0.2	-1.1	-3.1	-1.0
Chemicals	1.03	1.04	1.04	1.03	1.03	1.00	0.96	0.94
% Ch	-0.4	0.2	0.7	-0.9	-0.7	-2.9	-3.6	-1.7
Other Nondurables	1.89	1.88	1.87	1.82	1.79	1.72	1.71	1.70
% Ch	-2.5	-0.2	-1.0	-2.7	-1.5	-3.6	-1.0	-0.3
Durable Manufacturing	10.79	11.01	11.21	11.10	11.09	10.73	10.34	10.29
% Ch	1.0	2.0	1.8	-0.9	-0.1	-3.2	-3.7	-0.5
Lumber and Wood	0.78	0.80	0.81	0.83	0.82	0.79	0.79	0.80
% Ch	1.2	2.2	2.2	1.9	-0.9	-3.6	-0.6	1.2
Furniture	0.50	0.51	0.53	0.55	0.56	0.54	0.51	0.50
% Ch	-1.0	1.6	4.0	2.9	1.4	-3.7	-4.8	-2.8
Stone-Clay-Glass	0.54	0.55	0.56	0.56	0.57	0.56	0.54	0.53
% Ch	0.8	1.6	1.7	0.3	0.5	-1.5	-2.7	-2.8
Primary Metals	0.71	0.71	0.71	0.70	0.70	0.66	0.64	0.65
% Ch	-0.2	0.0	0.6	-2.1	-0.7	-4.5	-3.1	0.9
Fabricated Metals	1.45	1.48	1.51	1.52	1.53	1.50	1.43	1.41
% Ch	0.8	2.1	2.1	0.5	1.0	-2.5	-4.4	-1.4
Nonelectrical Machinery	2.11	2.17	2.21	2.14	2.13	2.11	1.99	1.99
% Ch	2.3	2.5	1.8	-3.0	-0.6	-1.0	-5.5	0.2
Electrical Machinery	1.66	1.69	1.71	1.67	1.70	1.66	1.63	1.64
% Ch	2.2	1.7	1.1	-2.2	2.0	-2.8	-1.3	0.1
Transportation Equipment	1.78	1.85	1.89	1.88	1.84	1.73	1.70	1.67
% Ch	-0.3	3.4	2.6	-0.4	-2.2	-6.1	-2.0	-1.4
Instruments	0.86	0.87	0.87	0.86	0.85	0.81	0.73	0.74
% Ch	1.4	1.2	0.8	-1.9	-1.1	-4.8	-9.0	0.6
Other Durables	0.39	0.39	0.39	0.39	0.40	0.39	0.37	0.37
% Ch	-0.5	1.0	0.7	0.0	0.2	-1.0	-4.3	-0.7
Nonmanufacturing	101.10	104.00	107.04	110.23	112.96	114.60	116.10	117.91
% Ch	2.5	2.9	2.9	3.0	2.5	1.5	1.3	1.6
Mining	0.58	0.60	0.59	0.54	0.54	0.55	0.51	0.49
% Ch	-0.1	2.9	-1.1	-9.2	0.5	1.6	-5.9	-3.8
Construction	5.42	5.69	6.02	6.40	6.69	6.81	6.84	6.86
% Ch	4.8	5.0	5.7	6.4	4.5	1.7	0.4	0.4
Trans., Comm. and Utilities	6.25	6.41	6.61	6.82	6.99	7.17	7.26	7.38
% Ch	2.0	2.5	3.2	3.2	2.5	2.5	1.2	1.7
Wholesale Trade	6.48	6.65	6.80	6.92	7.05	7.11	7.18	7.27
% Ch	1.6	2.6	2.3	1.8	1.9	0.9	1.0	1.2
Retail Trade	21.60	21.97	22.29	22.79	23.13	23.19	23.21	23.42
% Ch	1.9	1.7	1.5	2.2	1.5	0.2	0.1	0.9
Finance-Insurance-Real Estate	6.91	7.11	7.39	7.57	7.62	7.78	7.84	7.96
% Ch	1.5	2.8	3.9	2.5	0.6	2.1	0.8	1.5
Services	34.46	36.04	37.53	39.02	40.38	41.42	42.46	43.57
% Ch	4.0	4.6	4.1	4.0	3.5	2.6	2.5	2.6
State and Local Government	16.65	16.85	17.13	17.49	17.78	17.99	18.18	18.34
% Ch	1.1	1.2	1.6	2.1	1.6	1.2	1.1	0.9
Federal Government	2.76	2.70	2.69	2.67	2.78	2.59	2.62	2.61
% Ch	-2.3	-2.1	-0.5	-0.6	4.0	-6.6	1.2	-0.3

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	124.75	125.49	126.18	126.97	127.80	128.43	129.07	129.78
% Ch	2.6	2.4	2.2	2.5	2.6	2.0	2.0	2.2
Manufacturing	18.87	18.87	18.77	18.72	18.63	18.54	18.52	18.48
% Ch	1.5	-0.0	-2.2	-1.0	-1.8	-1.9	-0.6	-0.7
Nondurable Manufacturing	7.65	7.63	7.59	7.54	7.50	7.45	7.41	7.40
% Ch	-0.5	-1.1	-2.1	-2.3	-2.1	-2.8	-2.0	-0.8
Food and Kindred Products	1.68	1.69	1.68	1.68	1.69	1.68	1.67	1.67
% Ch	-0.2	0.5	-0.6	0.0	0.9	-2.2	-1.3	0.6
Pulp and Paper	0.68	0.68	0.68	0.67	0.67	0.67	0.67	0.67
% Ch	-0.4	-1.4	-1.8	-1.8	-1.0	-1.4	-1.2	-1.2
Apparel	0.79	0.78	0.76	0.74	0.72	0.70	0.68	0.67
% Ch	-6.9	-8.8	-7.5	-12.0	-10.4	-9.2	-9.2	-6.1
Printing	1.56	1.57	1.57	1.56	1.56	1.55	1.55	1.55
% Ch	1.3	0.8	-0.2	-0.8	-1.2	-1.5	-0.1	-0.6
Chemicals	1.04	1.04	1.04	1.04	1.04	1.03	1.03	1.03
% Ch	0.5	1.0	0.3	-0.8	-1.4	-1.4	-1.5	0.0
Other Nondurables	1.89	1.88	1.86	1.85	1.83	1.82	1.81	1.81
% Ch	-0.1	-1.6	-4.2	-2.6	-2.9	-3.0	-2.0	-0.6
Durable Manufacturing	11.23	11.24	11.18	11.17	11.13	11.09	11.10	11.09
% Ch	2.9	0.7	-2.3	-0.2	-1.6	-1.3	0.4	-0.7
Lumber and Wood	0.81	0.81	0.81	0.82	0.83	0.83	0.83	0.83
% Ch	2.3	2.5	1.7	2.6	3.3	0.0	1.1	0.8
Furniture	0.53	0.53	0.54	0.54	0.54	0.55	0.55	0.55
% Ch	6.1	5.2	2.0	2.3	3.5	2.2	4.7	0.5
Stone-Clay-Glass	0.56	0.56	0.56	0.56	0.56	0.56	0.56	0.56
% Ch	4.4	-0.2	1.2	1.7	0.0	-0.9	0.0	0.5
Primary Metals	0.72	0.72	0.71	0.71	0.70	0.70	0.70	0.70
% Ch	2.1	-0.6	-2.4	-3.5	-2.2	-2.4	-0.2	-0.8
Fabricated Metals	1.51	1.51	1.51	1.51	1.52	1.52	1.52	1.52
% Ch	2.8	1.0	-1.1	1.6	1.1	-0.4	0.4	0.9
Nonelectrical Machinery	2.22	2.22	2.21	2.18	2.15	2.14	2.14	2.13
% Ch	3.1	0.4	-2.1	-4.2	-5.4	-2.2	-0.9	-1.1
Electrical Machinery	1.73	1.72	1.70	1.68	1.67	1.67	1.67	1.67
% Ch	2.9	-1.1	-4.0	-4.7	-3.1	-0.6	1.1	0.1
Transportation Equipment	1.89	1.90	1.87	1.91	1.90	1.88	1.89	1.87
% Ch	2.7	1.4	-6.6	8.8	-2.2	-3.0	0.5	-3.3
Instruments	0.88	0.88	0.87	0.87	0.86	0.86	0.85	0.85
% Ch	1.1	0.6	-1.5	-3.2	-1.4	-2.6	-1.2	-2.6
Other Durables	0.40	0.40	0.40	0.39	0.39	0.39	0.40	0.40
% Ch	3.1	-0.3	0.0	-4.3	0.3	2.4	1.4	2.7
Nonmanufacturing	105.88	106.61	107.42	108.25	109.17	109.89	110.56	111.30
% Ch	2.8	2.8	3.0	3.1	3.4	2.7	2.5	2.7
Mining	0.60	0.60	0.59	0.57	0.55	0.53	0.53	0.53
% Ch	1.8	-4.1	-7.4	-8.2	-13.9	-13.1	-4.7	1.3
Construction	5.87	5.96	6.06	6.18	6.30	6.38	6.42	6.51
% Ch	6.5	6.2	6.8	8.3	8.3	4.8	2.4	6.2
Trans., Comm. and Utilities	6.53	6.58	6.64	6.70	6.75	6.80	6.85	6.89
% Ch	2.7	3.4	3.6	3.6	3.4	2.7	3.0	2.7
Wholesale Trade	6.76	6.79	6.81	6.83	6.86	6.90	6.95	6.99
% Ch	2.9	1.8	0.9	1.5	1.8	2.0	2.7	2.5
Retail Trade	22.15	22.22	22.35	22.46	22.64	22.77	22.84	22.90
% Ch	0.7	1.4	2.3	2.1	3.2	2.3	1.2	1.0
Finance-Insurance-Real Estate	7.29	7.36	7.42	7.48	7.53	7.56	7.59	7.61
% Ch	4.3	4.4	3.3	3.0	2.5	1.8	1.5	1.0
Services	37.00	37.34	37.69	38.07	38.47	38.84	39.19	39.60
% Ch	4.2	3.7	3.8	4.1	4.2	3.9	3.7	4.2
State and Local Government	17.00	17.09	17.17	17.24	17.35	17.44	17.54	17.63
% Ch	1.3	1.9	2.1	1.6	2.7	2.0	2.4	2.0
Federal Government	2.67	2.67	2.69	2.71	2.71	2.67	2.66	2.65
% Ch	-1.5	-0.1	1.9	3.8	-0.9	-5.1	-2.2	-1.3

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Wage and Salary Employment	130.63	131.55	131.62	131.83	132.38	132.52	132.58	132.61
% Ch	2.6	2.9	0.2	0.6	1.7	0.4	0.2	0.1
Manufacturing	18.48	18.49	18.45	18.35	18.19	18.03	17.82	17.63
% Ch	-0.0	0.1	-0.7	-2.3	-3.4	-3.6	-4.4	-4.3
Nondurable Manufacturing	7.39	7.38	7.35	7.30	7.25	7.22	7.16	7.11
% Ch	-0.5	-0.5	-1.3	-2.9	-2.8	-1.7	-2.9	-3.2
Food and Kindred Products	1.67	1.68	1.67	1.67	1.68	1.68	1.67	1.66
% Ch	0.2	0.6	-1.7	-0.4	2.8	-1.2	-1.8	-1.8
Pulp and Paper	0.66	0.66	0.66	0.66	0.65	0.65	0.65	0.64
% Ch	-1.2	-0.6	-0.8	-1.8	-1.7	-1.7	-2.3	-2.6
Apparel	0.67	0.66	0.65	0.63	0.62	0.61	0.60	0.59
% Ch	-3.7	-3.8	-7.5	-10.5	-5.6	-5.5	-7.2	-8.5
Printing	1.55	1.55	1.56	1.56	1.55	1.55	1.54	1.52
% Ch	0.2	1.2	1.5	-0.9	-1.9	-0.6	-2.7	-3.5
Chemicals	1.03	1.03	1.02	1.02	1.01	1.00	0.99	0.98
% Ch	0.0	-0.9	-1.5	-0.6	-6.1	-1.7	-3.2	-4.6
Other Nondurables	1.80	1.80	1.79	1.77	1.74	1.73	1.72	1.71
% Ch	-0.6	-1.6	-1.2	-5.6	-6.0	-1.9	-2.8	-1.8
Durable Manufacturing	11.09	11.11	11.10	11.05	10.94	10.81	10.66	10.52
% Ch	0.3	0.6	-0.4	-1.9	-3.8	-4.7	-5.4	-5.0
Lumber and Wood	0.83	0.83	0.82	0.81	0.79	0.79	0.79	0.79
% Ch	-0.2	-1.1	-4.1	-6.0	-8.8	1.2	1.3	-0.1
Furniture	0.55	0.56	0.56	0.55	0.55	0.54	0.53	0.52
% Ch	0.7	2.9	0.5	-3.5	-3.9	-7.0	-5.6	-4.7
Stone-Clay-Glass	0.57	0.57	0.57	0.56	0.57	0.56	0.55	0.55
% Ch	2.9	-0.5	0.2	-3.2	1.9	-2.9	-6.0	-0.7
Primary Metals	0.70	0.70	0.69	0.69	0.67	0.67	0.66	0.65
% Ch	1.2	-0.4	-2.5	-4.0	-7.7	-2.9	-5.2	-4.9
Fabricated Metals	1.53	1.54	1.54	1.53	1.52	1.50	1.49	1.47
% Ch	1.4	2.9	0.3	-1.1	-2.7	-5.4	-4.2	-3.8
Nonelectrical Machinery	2.13	2.13	2.13	2.13	2.15	2.13	2.09	2.06
% Ch	-0.5	-0.3	0.6	-0.8	3.9	-3.5	-6.0	-7.1
Electrical Machinery	1.68	1.69	1.72	1.72	1.70	1.67	1.64	1.62
% Ch	2.4	2.9	5.6	1.5	-5.4	-6.3	-8.2	-5.1
Transportation Equipment	1.86	1.86	1.83	1.81	1.75	1.74	1.72	1.71
% Ch	-1.3	-0.4	-6.4	-4.3	-12.1	-4.1	-2.6	-3.8
Instruments	0.84	0.84	0.85	0.85	0.85	0.82	0.79	0.76
% Ch	-2.0	-0.3	1.9	0.3	-0.5	-12.7	-13.0	-12.8
Other Durables	0.40	0.39	0.40	0.39	0.40	0.39	0.39	0.39
% Ch	0.0	-3.3	1.0	-1.7	1.3	-1.5	-3.0	-4.0
Nonmanufacturing	112.14	113.06	113.17	113.48	114.19	114.50	114.75	114.98
% Ch	3.1	3.3	0.4	1.1	2.5	1.1	0.9	0.8
Mining	0.53	0.54	0.54	0.54	0.55	0.55	0.55	0.53
% Ch	3.3	4.6	-0.7	2.2	9.4	-0.6	-3.5	-10.5
Construction	6.67	6.68	6.69	6.73	6.81	6.82	6.79	6.80
% Ch	9.7	0.6	0.7	2.6	5.0	0.1	-1.5	0.8
Trans., Comm. and Utilities	6.94	6.97	7.00	7.06	7.12	7.15	7.19	7.20
% Ch	2.6	2.0	1.4	3.9	3.3	1.8	2.1	0.6
Wholesale Trade	7.02	7.05	7.06	7.09	7.11	7.11	7.12	7.13
% Ch	1.6	2.0	0.6	1.6	1.0	0.1	0.7	0.4
Retail Trade	22.99	23.13	23.19	23.23	23.26	23.18	23.14	23.16
% Ch	1.7	2.4	1.1	0.7	0.5	-1.3	-0.7	0.3
Finance-Insurance-Real Estate	7.62	7.60	7.61	7.65	7.76	7.79	7.80	7.78
% Ch	0.7	-1.0	0.3	2.3	5.8	1.5	0.6	-0.8
Services	39.95	40.27	40.55	40.75	41.11	41.33	41.54	41.72
% Ch	3.6	3.3	2.8	2.0	3.5	2.2	2.1	1.7
State and Local Government	17.70	17.76	17.83	17.82	17.89	17.98	18.02	18.07
% Ch	1.7	1.2	1.8	-0.2	1.5	2.0	1.0	0.9
Federal Government	2.73	3.07	2.70	2.60	2.58	2.59	2.59	2.60
% Ch	12.7	61.1	-40.2	-13.7	-3.5	1.6	0.6	0.6

Table A2.2

U.S. Nonagricultural Employment by Industry

Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Wage and Salary Employment	132.87	133.28	133.63	133.96	134.41	134.91	135.31	135.74
% Ch	0.8	1.2	1.1	1.0	1.3	1.5	1.2	1.3
Manufacturing	17.46	17.36	17.29	17.22	17.18	17.18	17.19	17.17
% Ch	-3.7	-2.4	-1.5	-1.6	-1.1	0.2	0.0	-0.4
Nondurable Manufacturing	7.05	7.02	6.98	6.93	6.90	6.90	6.88	6.86
% Ch	-3.2	-1.9	-2.1	-2.8	-1.4	-0.2	-1.1	-1.1
Food and Kindred Products	1.65	1.64	1.63	1.63	1.62	1.61	1.61	1.61
% Ch	-2.2	-2.4	-1.7	-1.9	-2.1	-1.4	-0.6	-0.8
Pulp and Paper	0.64	0.64	0.63	0.63	0.63	0.63	0.62	0.62
% Ch	-3.1	-2.4	-1.5	-1.3	-1.7	-1.0	-0.9	-1.2
Apparel	0.58	0.57	0.56	0.54	0.54	0.54	0.53	0.52
% Ch	-7.0	-1.3	-10.6	-13.9	-1.7	0.3	-7.5	-5.8
Printing	1.51	1.49	1.49	1.48	1.48	1.48	1.48	1.48
% Ch	-3.8	-3.4	-2.5	-1.9	-0.8	0.1	0.4	0.0
Chemicals	0.97	0.96	0.96	0.95	0.95	0.95	0.94	0.94
% Ch	-4.5	-3.6	-2.1	-1.9	-1.8	-0.9	-1.4	-1.5
Other Nondurables	1.70	1.71	1.71	1.70	1.70	1.70	1.70	1.70
% Ch	-1.4	0.8	0.7	-1.6	-0.9	1.1	-0.6	-0.7
Durable Manufacturing	10.41	10.34	10.31	10.29	10.27	10.28	10.30	10.30
% Ch	-4.1	-2.7	-1.1	-0.8	-0.8	0.4	0.8	0.0
Lumber and Wood	0.79	0.78	0.79	0.79	0.79	0.79	0.80	0.80
% Ch	-3.0	-1.9	1.4	1.9	0.5	1.7	1.4	2.3
Furniture	0.52	0.51	0.51	0.50	0.50	0.50	0.49	0.49
% Ch	-5.3	-4.8	-2.9	-3.8	-3.7	-1.8	-0.4	-1.2
Stone-Clay-Glass	0.55	0.54	0.54	0.54	0.53	0.53	0.53	0.52
% Ch	-0.2	-5.0	-4.0	-2.4	-2.9	-2.8	-1.8	-1.4
Primary Metals	0.65	0.64	0.64	0.64	0.65	0.65	0.65	0.65
% Ch	-4.2	-2.3	0.6	1.7	0.9	1.1	1.6	1.0
Fabricated Metals	1.45	1.43	1.42	1.42	1.41	1.41	1.41	1.41
% Ch	-6.1	-5.1	-2.2	-1.1	-2.0	-1.0	0.8	0.7
Nonelectrical Machinery	2.02	1.99	1.98	1.97	1.98	1.98	2.00	2.01
% Ch	-6.7	-6.0	-2.4	-1.1	1.1	1.3	3.5	2.1
Electrical Machinery	1.62	1.64	1.64	1.64	1.64	1.64	1.64	1.64
% Ch	1.1	3.9	1.9	-0.5	-1.3	0.7	-0.2	0.1
Transportation Equipment	1.70	1.70	1.70	1.69	1.68	1.68	1.67	1.66
% Ch	-1.5	-0.7	-0.4	-2.0	-2.4	0.2	-1.0	-3.5
Instruments	0.74	0.73	0.73	0.73	0.73	0.74	0.74	0.74
% Ch	-11.7	-4.5	-2.7	2.1	0.8	2.5	1.4	-0.5
Other Durables	0.38	0.38	0.37	0.37	0.37	0.37	0.37	0.37
% Ch	-6.8	-4.3	-3.3	-2.2	0.6	1.1	0.5	0.4
Nonmanufacturing	115.41	115.92	116.34	116.74	117.23	117.72	118.12	118.57
% Ch	1.5	1.8	1.5	1.4	1.7	1.7	1.4	1.5
Mining	0.52	0.52	0.51	0.51	0.50	0.50	0.49	0.49
% Ch	-7.3	-4.9	-3.5	-3.3	-3.4	-4.4	-3.9	-4.1
Construction	6.82	6.85	6.84	6.83	6.84	6.86	6.86	6.90
% Ch	1.3	1.4	-0.5	-0.4	0.2	1.2	0.1	2.3
Trans., Comm. and Utilities	7.22	7.24	7.26	7.30	7.33	7.36	7.39	7.43
% Ch	1.1	0.9	1.4	2.0	1.9	1.4	1.7	2.3
Wholesale Trade	7.15	7.17	7.20	7.22	7.24	7.26	7.28	7.30
% Ch	1.3	1.4	1.2	1.2	1.2	1.3	1.0	1.3
Retail Trade	23.13	23.19	23.24	23.26	23.33	23.41	23.46	23.49
% Ch	-0.5	1.1	0.8	0.5	1.1	1.5	0.9	0.4
Finance-Insurance-Real Estate	7.81	7.84	7.85	7.87	7.91	7.95	7.98	8.01
% Ch	1.4	1.7	0.5	0.9	2.3	1.5	2.0	1.3
Services	42.01	42.33	42.61	42.87	43.17	43.46	43.69	43.94
% Ch	2.9	3.0	2.7	2.5	2.8	2.7	2.1	2.4
State and Local Government	18.11	18.16	18.21	18.26	18.29	18.32	18.36	18.40
% Ch	1.0	1.1	1.2	1.0	0.7	0.6	0.9	0.9
Federal Government	2.63	2.62	2.62	2.62	2.62	2.62	2.61	2.61
% Ch	4.3	-0.4	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2

Table A2.3
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Wage and Salary Employment	2,415.6	2,514.2	2,594.7	2,648.7	2,716.5	2,762.9	2,802.6	2,859.5
% Ch	2.9	4.1	3.2	2.1	2.6	1.7	1.4	2.0
Manufacturing	344.8	370.0	379.6	364.1	351.3	348.0	347.6	352.7
% Ch	3.7	7.3	2.6	-4.1	-3.5	-1.0	-0.1	1.5
Nondurable Manufacturing	109.7	108.8	108.6	108.3	107.9	106.2	104.9	104.8
% Ch	1.1	-0.9	-0.2	-0.2	-0.4	-1.6	-1.3	-0.0
Food and Kindred Products	42.4	41.3	40.7	41.1	41.3	41.2	41.0	41.2
% Ch	0.8	-2.5	-1.4	0.9	0.6	-0.4	-0.4	0.5
Pulp and Paper	16.8	16.3	16.2	15.9	15.6	15.3	15.4	15.4
% Ch	-2.5	-3.1	-0.7	-2.0	-1.9	-1.5	0.4	-0.1
Apparel	9.6	10.1	9.6	8.7	8.1	7.6	7.1	6.9
% Ch	4.3	5.9	-5.5	-8.9	-7.2	-6.6	-5.6	-4.0
Printing	24.4	24.2	24.4	24.2	24.3	23.8	22.8	22.5
% Ch	1.4	-1.0	0.9	-0.9	0.6	-2.3	-4.1	-1.0
Chemicals	5.6	5.7	6.0	6.2	6.2	6.3	6.4	6.5
% Ch	1.3	0.9	6.1	3.0	0.7	1.6	0.7	2.4
Other Nondurables	10.9	11.2	11.7	12.3	12.3	12.0	12.2	12.3
% Ch	5.0	2.3	4.5	4.8	0.3	-2.2	1.1	1.3
Durable Manufacturing	235.0	261.3	271.0	255.8	243.5	241.8	242.8	247.9
% Ch	5.0	11.2	3.7	-5.6	-4.8	-0.7	0.4	2.1
Lumber and Wood	35.2	35.6	34.2	33.9	33.1	32.0	31.8	31.9
% Ch	-0.7	1.2	-4.1	-0.7	-2.4	-3.3	-0.6	0.1
Furniture	4.0	4.1	4.7	4.7	4.9	5.1	5.1	5.2
% Ch	6.5	3.1	14.5	1.4	2.8	4.4	0.2	1.1
Stone-Clay-Glass	9.0	9.5	9.1	8.9	9.2	9.2	9.1	9.1
% Ch	1.9	5.8	-4.0	-2.7	3.0	0.3	-1.1	-0.0
Primary Metals	11.5	11.6	12.0	11.7	11.1	9.9	8.6	8.6
% Ch	2.4	1.2	3.0	-2.4	-5.2	-10.9	-12.4	-0.2
Fabricated Metals	13.3	14.3	14.8	14.6	15.0	15.4	15.2	15.2
% Ch	1.7	7.4	3.7	-1.2	2.8	2.7	-1.8	0.3
Nonelectrical Machinery	24.4	26.6	26.1	25.1	25.4	25.3	25.9	27.0
% Ch	11.6	8.9	-1.8	-3.8	0.9	-0.3	2.4	4.1
Electrical Machinery	15.3	17.0	18.5	18.5	20.1	21.1	21.6	21.9
% Ch	9.4	11.0	8.8	-0.3	8.6	5.3	2.4	1.4
Aerospace	86.3	105.0	112.4	98.9	86.2	86.0	87.8	90.5
% Ch	7.7	21.6	7.1	-12.0	-12.8	-0.2	2.1	3.0
Other Trans. Equip.	14.1	14.5	15.6	15.9	15.2	14.5	14.6	14.7
% Ch	-4.5	2.9	7.6	1.7	-4.5	-4.2	0.8	0.6
Instruments	13.7	14.5	14.9	14.8	14.6	14.1	13.6	14.3
% Ch	6.6	5.9	2.7	-0.7	-1.4	-3.4	-3.1	4.4
Other Durables	8.3	8.5	8.7	8.8	8.8	9.1	9.3	9.6
% Ch	4.9	3.3	1.6	1.2	0.6	3.3	1.9	3.3
Nonmanufacturing	2,070.8	2,144.2	2,215.1	2,284.6	2,365.1	2,414.9	2,455.0	2,506.8
% Ch	2.8	3.5	3.3	3.1	3.5	2.1	1.7	2.1
Mining	3.4	3.5	3.3	3.1	3.6	3.7	3.7	3.7
% Ch	1.2	2.7	-6.1	-4.2	14.8	1.5	0.3	1.2
Construction	127.8	136.3	143.7	153.8	161.7	167.4	168.1	170.1
% Ch	4.8	6.6	5.4	7.1	5.2	3.5	0.4	1.2
Trans., Comm. and Utilities	124.9	132.8	135.6	139.7	146.3	149.1	151.1	153.9
% Ch	4.4	6.3	2.1	3.0	4.7	1.9	1.3	1.9
Wholesale Trade	144.4	149.6	153.1	154.1	155.6	156.8	157.4	159.4
% Ch	1.3	3.6	2.3	0.7	1.0	0.8	0.4	1.2
Retail Trade	446.5	457.4	469.6	482.0	496.4	500.6	503.6	511.9
% Ch	2.1	2.4	2.7	2.6	3.0	0.8	0.6	1.7
Finance-Insurance-Real Estate	123.9	127.7	134.6	137.6	137.5	141.0	144.3	147.8
% Ch	2.0	3.0	5.4	2.2	-0.0	2.5	2.4	2.4
Services	649.1	678.8	709.3	739.7	781.2	808.8	833.4	861.3
% Ch	4.1	4.6	4.5	4.3	5.6	3.5	3.0	3.3
State and Local Government	382.1	390.2	398.8	406.9	412.8	419.5	424.7	429.8
% Ch	2.0	2.1	2.2	2.0	1.4	1.6	1.2	1.2
Federal Government	68.6	67.9	67.2	67.6	69.9	68.0	68.8	68.9
% Ch	-2.1	-1.1	-0.9	0.5	3.4	-2.8	1.1	0.3

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Wage and Salary Employment	2,570.8	2,586.7	2,604.5	2,616.6	2,630.7	2,633.6	2,658.4	2,672.1
% Ch	3.5	2.5	2.8	1.9	2.2	0.5	3.8	2.1
Manufacturing	381.4	381.5	380.2	375.1	370.6	366.1	361.4	358.5
% Ch	4.4	0.0	-1.3	-5.3	-4.8	-4.8	-5.0	-3.2
Nondurable Manufacturing	108.9	108.3	108.9	108.3	107.8	108.1	108.4	108.9
% Ch	1.5	-2.1	2.1	-2.1	-1.7	1.1	1.0	1.9
Food and Kindred Products	40.6	40.3	40.9	41.0	40.9	41.0	41.2	41.4
% Ch	-4.3	-3.3	6.8	0.9	-1.5	1.1	2.1	1.5
Pulp and Paper	16.4	16.2	16.1	16.0	15.8	15.9	15.9	15.9
% Ch	4.6	2.8	1.4	-4.2	-2.4	0.1	-0.3	3.3
Apparel	10.1	9.8	9.5	9.0	8.8	8.6	8.7	8.8
% Ch	-3.6	-10.3	-14.1	-19.7	-6.5	-7.4	3.3	2.9
Printing	24.3	24.4	24.5	24.3	24.1	24.1	24.1	24.3
% Ch	4.6	2.8	1.4	-4.2	-2.4	0.1	-0.3	3.3
Chemicals	6.0	6.0	6.0	6.0	6.1	6.1	6.2	6.3
% Ch	17.2	-1.7	5.9	-0.8	3.1	4.7	4.5	5.9
Other Nondurables	11.5	11.6	11.8	12.0	12.2	12.3	12.3	12.3
% Ch	9.7	3.8	5.8	7.7	5.9	5.2	-0.5	0.6
Durable Manufacturing	272.6	273.2	271.3	266.8	262.7	257.9	253.0	249.6
% Ch	5.6	0.9	-2.6	-6.5	-6.0	-7.1	-7.5	-5.3
Lumber and Wood	34.6	34.3	33.6	34.1	34.0	34.0	33.9	33.8
% Ch	-9.1	-3.7	-7.2	5.3	-1.3	-0.0	-1.1	-1.1
Furniture	4.6	4.7	4.7	4.8	4.8	4.7	4.7	4.7
% Ch	49.2	4.6	2.6	7.8	-0.3	-4.8	3.2	0.2
Stone-Clay-Glass	9.6	9.3	9.0	8.8	8.8	8.8	9.0	9.1
% Ch	-5.5	-11.9	-13.0	-7.8	-0.6	1.4	9.2	3.1
Primary Metals	12.3	12.2	12.2	11.2	11.6	11.9	11.7	11.6
% Ch	16.8	-2.0	-0.6	-30.0	16.4	9.2	-6.6	-1.1
Fabricated Metals	14.9	15.0	14.7	14.7	14.5	14.4	14.7	14.9
% Ch	3.2	2.6	-6.0	-2.2	-3.1	-3.1	7.7	4.3
Nonelectrical Machinery	27.2	26.4	25.6	25.2	25.0	25.0	25.2	25.3
% Ch	3.7	-10.9	-11.3	-6.7	-2.6	-0.2	2.3	2.1
Electrical Machinery	18.2	18.5	18.7	18.6	18.5	18.5	18.4	18.5
% Ch	9.4	6.5	4.7	-2.3	-3.3	1.6	-3.1	2.1
Aerospace	112.4	113.7	113.2	110.3	106.3	101.1	96.0	92.1
% Ch	7.4	4.7	-1.5	-10.1	-13.5	-18.4	-18.6	-15.3
Other Trans. Equip.	15.1	15.4	16.0	16.0	15.9	16.0	15.9	15.8
% Ch	13.1	9.4	14.9	1.4	-3.5	3.6	-4.1	-1.4
Instruments	15.0	14.9	14.8	14.8	14.8	14.9	14.8	14.8
% Ch	9.9	-2.5	-2.6	-2.4	0.0	3.2	-3.0	-0.0
Other Durables	8.7	8.8	8.7	8.5	8.6	8.6	8.8	9.0
% Ch	9.1	3.6	-4.2	-9.0	4.8	2.1	9.2	10.0
Nonmanufacturing	2,189.4	2,205.2	2,224.2	2,241.5	2,260.1	2,267.6	2,297.0	2,313.6
% Ch	3.3	2.9	3.5	3.1	3.4	1.3	5.3	2.9
Mining	3.3	3.3	3.2	3.3	3.4	3.1	2.9	3.3
% Ch	-14.7	-1.3	-7.0	2.2	12.6	-32.3	-17.2	58.0
Construction	140.7	141.6	144.5	147.9	150.2	152.7	155.0	157.3
% Ch	6.0	2.7	8.2	9.8	6.4	6.8	6.2	6.1
Trans., Comm. and Utilities	134.3	135.1	135.8	137.3	137.9	138.0	140.4	142.6
% Ch	0.3	2.5	2.3	4.3	1.9	0.3	7.1	6.3
Wholesale Trade	152.5	153.2	153.2	153.4	154.3	153.6	154.0	154.6
% Ch	1.6	2.1	-0.2	0.5	2.5	-2.0	1.1	1.7
Retail Trade	465.1	468.2	470.9	474.3	478.6	478.2	483.4	487.8
% Ch	3.0	2.7	2.4	2.9	3.7	-0.4	4.4	3.7
Finance-Insurance-Real Estate	131.8	133.8	135.5	137.1	137.5	137.2	137.4	138.0
% Ch	6.7	6.2	5.2	4.6	1.3	-0.8	0.5	1.8
Services	698.7	706.2	712.1	720.1	727.5	732.7	745.1	753.6
% Ch	3.8	4.4	3.4	4.6	4.1	2.9	7.0	4.6
State and Local Government	395.6	397.0	401.8	400.8	402.6	404.9	411.4	408.7
% Ch	3.8	1.4	4.9	-1.0	1.9	2.3	6.5	-2.6
Federal Government	67.5	66.8	67.2	67.5	68.1	67.3	67.4	67.7
% Ch	-3.1	-4.0	2.6	1.5	3.9	-4.9	0.5	2.1

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Wage and Salary Employment	2,695.7	2,715.5	2,717.7	2,736.9	2,752.8	2,760.3	2,767.1	2,771.5
% Ch	3.6	3.0	0.3	2.9	2.3	1.1	1.0	0.6
Manufacturing	351.3	354.1	350.7	349.3	349.3	348.4	347.6	346.7
% Ch	-7.8	3.3	-3.8	-1.6	0.0	-1.1	-0.8	-1.1
Nondurable Manufacturing	108.8	108.7	107.5	106.4	106.6	106.5	106.1	105.6
% Ch	-0.3	-0.5	-4.2	-4.3	0.8	-0.4	-1.5	-1.7
Food and Kindred Products	41.1	41.8	41.5	40.9	41.2	41.2	41.1	41.1
% Ch	-2.2	6.8	-3.0	-5.5	2.7	0.2	-0.7	-0.3
Pulp and Paper	15.7	15.7	15.5	15.4	15.3	15.3	15.4	15.4
% Ch	-4.8	0.4	-5.3	-1.7	-3.7	1.4	0.9	1.0
Apparel	8.5	8.3	7.9	7.7	7.7	7.6	7.5	7.4
% Ch	-13.6	-6.7	-16.9	-10.6	-0.4	-3.3	-5.5	-7.3
Printing	24.5	24.4	24.3	24.0	24.0	23.9	23.7	23.4
% Ch	3.1	-1.2	-1.3	-5.5	0.0	-1.2	-3.9	-4.9
Chemicals	6.3	6.1	6.2	6.3	6.3	6.3	6.3	6.3
% Ch	0.5	-12.0	6.8	3.4	1.8	2.0	0.8	0.1
Other Nondurables	12.8	12.3	12.1	12.1	12.1	12.0	12.0	12.0
% Ch	15.4	-12.5	-8.7	0.0	1.8	-2.5	-1.1	-0.4
Durable Manufacturing	242.5	245.4	243.2	242.9	242.8	241.9	241.6	241.0
% Ch	-10.9	5.0	-3.6	-0.4	-0.3	-1.4	-0.5	-0.9
Lumber and Wood	34.0	33.7	32.7	32.1	31.8	32.0	32.1	32.2
% Ch	2.2	-3.1	-11.9	-6.8	-3.5	2.3	1.8	0.4
Furniture	4.8	4.9	4.8	4.9	5.1	5.1	5.1	5.1
% Ch	7.2	6.1	-4.7	6.6	16.9	-1.1	-1.7	-1.6
Stone-Clay-Glass	9.3	9.2	9.1	9.1	9.2	9.2	9.2	9.2
% Ch	10.1	-2.0	-6.2	-0.4	5.0	1.7	-1.1	-2.3
Primary Metals	11.3	11.0	10.7	11.3	10.9	10.2	9.7	8.7
% Ch	-10.9	-10.3	-9.2	21.8	-14.2	-21.1	-19.4	-35.0
Fabricated Metals	14.8	15.0	15.1	15.3	15.5	15.5	15.4	15.4
% Ch	-0.2	3.4	2.5	6.1	6.5	-1.3	-1.1	-2.1
Nonelectrical Machinery	25.3	25.5	25.3	25.3	25.2	25.2	25.3	25.4
% Ch	0.5	2.6	-2.4	-0.3	-1.8	0.1	1.4	2.4
Electrical Machinery	19.4	19.8	20.3	20.8	20.8	21.1	21.3	21.4
% Ch	20.3	9.4	10.0	10.7	-0.5	6.0	3.1	2.9
Aerospace	84.0	87.6	86.9	86.4	86.2	85.8	85.9	86.3
% Ch	-30.9	18.4	-3.3	-2.1	-0.8	-2.2	0.6	2.0
Other Trans. Equip.	16.0	15.5	14.8	14.4	14.5	14.5	14.5	14.6
% Ch	5.0	-12.5	-16.3	-10.1	2.9	-0.6	1.1	1.2
Instruments	14.5	14.6	14.7	14.5	14.5	14.2	13.9	13.7
% Ch	-7.2	3.3	3.4	-6.0	-0.9	-6.6	-7.7	-6.7
Other Durables	9.1	8.6	8.8	8.8	9.1	9.1	9.1	9.2
% Ch	0.9	-17.5	6.0	3.9	10.1	1.8	1.4	1.9
Nonmanufacturing	2,344.4	2,361.4	2,367.0	2,387.6	2,403.4	2,412.0	2,419.5	2,424.9
% Ch	5.4	2.9	1.0	3.5	2.7	1.4	1.3	0.9
Mining	3.6	3.6	3.6	3.6	3.6	3.7	3.7	3.7
% Ch	42.5	6.8	0.1	1.8	0.9	2.9	0.6	-0.8
Construction	161.3	161.3	160.2	164.2	167.1	167.9	167.7	166.9
% Ch	10.6	-0.1	-2.7	10.4	7.3	1.8	-0.3	-2.0
Trans., Comm. and Utilities	144.1	146.3	147.2	147.9	148.6	149.0	149.3	149.5
% Ch	4.3	6.2	2.4	2.0	1.9	1.0	0.9	0.6
Wholesale Trade	154.8	155.6	155.7	156.4	156.3	156.8	157.1	157.1
% Ch	0.5	2.1	0.3	1.6	-0.2	1.3	0.9	-0.1
Retail Trade	494.2	497.2	494.6	499.5	501.6	500.3	500.0	500.4
% Ch	5.3	2.5	-2.1	4.0	1.7	-1.0	-0.3	0.3
Finance-Insurance-Real Estate	138.0	136.9	136.7	138.4	139.5	140.6	141.5	142.2
% Ch	-0.2	-3.1	-0.5	5.1	3.2	3.1	2.7	1.8
Services	768.7	775.1	785.4	795.6	801.4	806.5	811.7	815.6
% Ch	8.3	3.4	5.4	5.3	3.0	2.6	2.6	1.9
State and Local Government	412.1	411.0	414.0	413.9	417.4	419.2	420.3	421.3
% Ch	3.3	-1.0	2.9	-0.0	3.4	1.8	1.0	1.0
Federal Government	67.7	74.4	69.6	68.0	67.8	68.0	68.1	68.2
% Ch	0.2	45.8	-23.4	-9.0	-1.3	1.2	0.6	0.7

Table A2.4
Washington Nonagricultural Employment by Industry
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Wage and Salary Employment	2,781.4	2,795.0	2,810.5	2,823.7	2,838.1	2,853.2	2,866.6	2,880.3
% Ch	1.4	2.0	2.2	1.9	2.1	2.1	1.9	1.9
Manufacturing	346.4	347.0	348.0	349.0	350.2	351.9	353.5	355.2
% Ch	-0.2	0.7	1.1	1.2	1.4	2.0	1.8	1.9
Nondurable Manufacturing	105.2	105.0	104.8	104.5	104.5	104.8	104.9	105.1
% Ch	-1.7	-0.8	-0.7	-1.0	0.0	1.0	0.7	0.7
Food and Kindred Products	41.0	41.0	41.0	41.0	41.0	41.1	41.2	41.4
% Ch	-0.7	-0.5	-0.0	-0.1	0.4	0.9	1.3	1.4
Pulp and Paper	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4
% Ch	-0.1	0.3	-0.2	-0.3	-0.3	0.2	-0.2	0.2
Apparel	7.3	7.3	7.1	6.9	6.9	6.9	6.8	6.8
% Ch	-5.8	-1.0	-8.1	-10.8	-0.7	1.3	-4.9	-3.2
Printing	23.1	22.8	22.7	22.5	22.5	22.5	22.6	22.6
% Ch	-5.1	-4.4	-3.0	-2.3	-0.9	0.5	1.1	0.9
Chemicals	6.3	6.3	6.4	6.4	6.4	6.5	6.5	6.6
% Ch	0.1	0.7	1.7	2.1	2.4	3.1	3.1	3.3
Other Nondurables	12.0	12.1	12.3	12.3	12.3	12.3	12.4	12.4
% Ch	1.2	3.2	4.1	1.5	0.0	1.5	0.9	-0.5
Durable Manufacturing	241.3	242.1	243.2	244.5	245.7	247.2	248.6	250.1
% Ch	0.4	1.3	1.9	2.1	2.0	2.4	2.3	2.4
Lumber and Wood	31.9	31.8	31.8	31.9	31.8	31.9	31.9	32.0
% Ch	-2.9	-2.0	0.5	0.6	-0.5	0.6	0.2	1.1
Furniture	5.1	5.1	5.1	5.1	5.1	5.1	5.2	5.2
% Ch	0.9	1.5	1.7	1.1	0.7	0.8	1.1	1.5
Stone-Clay-Glass	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
% Ch	-1.9	-0.7	-0.2	-0.0	0.1	0.0	0.1	0.4
Primary Metals	8.7	8.6	8.6	8.6	8.6	8.6	8.6	8.6
% Ch	-1.5	-1.0	-0.6	-0.3	-0.2	-0.0	0.0	0.3
Fabricated Metals	15.2	15.1	15.1	15.2	15.2	15.2	15.2	15.3
% Ch	-3.1	-2.4	-0.1	0.5	0.0	0.3	1.8	1.4
Nonelectrical Machinery	25.6	25.8	26.0	26.2	26.5	26.8	27.1	27.4
% Ch	2.2	2.8	3.3	3.7	4.0	4.8	5.2	4.7
Electrical Machinery	21.5	21.6	21.7	21.7	21.8	21.9	22.0	22.1
% Ch	1.8	2.1	1.4	0.6	1.0	2.2	1.4	2.0
Aerospace	86.9	87.5	88.2	88.8	89.5	90.1	90.8	91.5
% Ch	2.7	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Trans. Equip.	14.6	14.6	14.7	14.7	14.7	14.7	14.7	14.8
% Ch	0.7	0.5	0.8	0.7	0.5	0.6	0.7	0.6
Instruments	13.5	13.6	13.7	13.9	14.0	14.2	14.3	14.4
% Ch	-5.2	1.4	2.5	6.3	4.6	5.5	3.8	2.8
Other Durables	9.2	9.3	9.3	9.4	9.5	9.6	9.6	9.7
% Ch	1.1	2.5	2.5	2.5	3.8	4.1	3.4	3.7
Nonmanufacturing	2,435.0	2,447.9	2,462.5	2,474.7	2,487.9	2,501.3	2,513.1	2,525.0
% Ch	1.7	2.1	2.4	2.0	2.1	2.2	1.9	1.9
Mining	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
% Ch	-0.7	0.6	1.3	1.4	1.3	1.2	1.0	1.0
Construction	167.1	167.7	168.4	169.1	169.6	169.9	170.2	170.6
% Ch	0.6	1.4	1.7	1.5	1.3	0.8	0.7	0.9
Trans., Comm. and Utilities	150.0	150.7	151.5	152.1	152.8	153.6	154.3	155.0
% Ch	1.3	1.8	2.1	1.8	1.9	2.0	1.8	1.8
Wholesale Trade	157.0	157.2	157.6	158.0	158.6	159.1	159.7	160.2
% Ch	-0.3	0.5	1.0	1.2	1.4	1.4	1.3	1.3
Retail Trade	500.5	502.6	504.9	506.4	508.5	511.2	513.2	514.7
% Ch	0.0	1.7	1.8	1.2	1.7	2.1	1.6	1.2
Finance-Insurance-Real Estate	143.1	143.9	144.8	145.6	146.5	147.5	148.2	148.9
% Ch	2.5	2.4	2.4	2.3	2.7	2.7	1.8	2.1
Services	822.3	829.5	837.5	844.2	851.3	858.3	864.5	871.1
% Ch	3.4	3.5	3.9	3.2	3.4	3.3	2.9	3.1
State and Local Government	422.6	424.0	425.4	426.8	428.0	429.0	430.3	431.8
% Ch	1.2	1.3	1.4	1.3	1.1	1.0	1.3	1.3
Federal Government	68.7	68.7	68.8	68.8	68.9	68.9	69.0	69.0
% Ch	3.3	0.1	0.1	0.2	0.3	0.3	0.3	0.3

Table A3.1
U.S. Personal Income by Component
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Personal Income	6,547.4	6,937.0	7,391.0	7,789.7	8,281.7	8,684.5	9,133.2	9,667.0
% Ch	5.6	6.0	6.5	5.4	6.3	4.9	5.2	5.8
Total Wage and Salary Disbursements	3,626.5	3,888.9	4,190.7	4,470.0	4,769.7	5,033.3	5,289.7	5,593.2
% Ch	5.9	7.2	7.8	6.7	6.7	5.5	5.1	5.7
Nonwage Personal Income	2,920.9	3,048.1	3,200.3	3,319.7	3,512.0	3,651.2	3,843.5	4,073.8
% Ch	5.2	4.4	5.0	3.7	5.8	4.0	5.3	6.0
Other Labor Income	490.0	475.4	485.5	501.0	524.0	544.8	567.6	598.5
% Ch	-1.4	-3.0	2.1	3.2	4.6	4.0	4.2	5.5
Proprietor's Income	544.8	581.2	620.7	663.5	710.5	737.9	800.2	849.6
% Ch	9.4	6.7	6.8	6.9	7.1	3.9	8.4	6.2
Farm	34.3	29.7	25.4	25.3	22.6	21.7	24.6	24.0
% Ch	54.3	-13.3	-14.3	-0.5	-10.8	-4.0	13.4	-2.3
Nonfarm	510.5	551.5	595.2	638.2	687.9	716.3	775.6	825.6
% Ch	7.4	8.0	7.9	7.2	7.8	4.1	8.3	6.4
Less: Pers Cont. For Social Ins.	280.4	297.9	316.2	338.5	360.7	376.5	391.2	411.8
% Ch	4.3	6.2	6.2	7.0	6.6	4.4	3.9	5.3
Dividends/Int./Rent	1,237.7	1,327.2	1,427.3	1,477.4	1,570.7	1,603.0	1,640.8	1,733.2
% Ch	6.3	7.2	7.5	3.5	6.3	2.1	2.4	5.6
Transfer Payments	928.8	962.2	983.0	1,016.2	1,067.5	1,142.0	1,226.2	1,304.2
% Ch	4.8	3.6	2.2	3.4	5.0	7.0	7.4	6.4

Table A3.2
U.S. Personal Income by Component
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	7,230.7	7,339.5	7,445.1	7,548.6	7,628.1	7,729.7	7,828.5	7,972.3
% Ch	7.7	6.2	5.9	5.7	4.3	5.4	5.2	7.6
Total Wage and Salary Disbursements	4,084.9	4,153.4	4,226.2	4,298.2	4,364.3	4,430.4	4,507.0	4,578.3
% Ch	8.5	6.9	7.2	7.0	6.3	6.2	7.1	6.5
Nonwage Personal Income	3,145.8	3,186.1	3,218.9	3,250.4	3,263.8	3,299.3	3,321.5	3,394.0
% Ch	6.7	5.2	4.2	4.0	1.7	4.4	2.7	9.0
Other Labor Income	480.0	483.8	487.4	490.9	495.1	498.7	502.8	507.4
% Ch	7.0	3.2	3.1	2.8	3.5	2.9	3.4	3.7
Proprietor's Income	606.2	613.3	619.5	643.7	644.1	660.4	659.7	689.6
% Ch	9.4	4.7	4.2	16.6	0.2	10.5	-0.4	19.4
Farm	25.3	23.3	21.2	32.0	25.0	29.0	15.5	31.7
% Ch	-41.0	-28.6	-31.3	423.6	-63.1	82.2	-91.8	1,632.0
Nonfarm	580.9	590.0	598.4	611.7	619.1	631.4	644.2	657.9
% Ch	12.7	6.4	5.8	9.2	5.0	8.2	8.4	8.8
Less: Pers Cont. For Social Ins.	310.3	314.0	318.2	322.5	331.2	335.8	341.0	345.9
% Ch	7.6	4.8	5.4	5.5	11.2	5.7	6.4	5.8
Dividends/Int./Rent	1,392.8	1,422.7	1,444.3	1,449.5	1,450.8	1,463.8	1,479.6	1,515.4
% Ch	7.3	8.9	6.2	1.4	0.4	3.6	4.4	10.0
Transfer Payments	977.1	980.3	985.8	988.8	1,005.0	1,012.2	1,020.3	1,027.4
% Ch	4.3	1.3	2.3	1.2	6.7	2.9	3.2	2.8

Table A3.2
U.S. Personal Income by Component
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Personal Income	8,105.8	8,242.1	8,349.0	8,429.8	8,546.3	8,646.5	8,729.3	8,815.7
% Ch	6.9	6.9	5.3	3.9	5.6	4.8	3.9	4.0
Total Wage and Salary Disbursements	4,660.4	4,740.1	4,804.9	4,873.5	4,950.6	5,008.8	5,060.8	5,112.9
% Ch	7.4	7.0	5.6	5.8	6.5	4.8	4.2	4.2
Nonwage Personal Income	3,445.5	3,502.0	3,544.1	3,556.3	3,595.7	3,637.7	3,668.5	3,702.8
% Ch	6.2	6.7	4.9	1.4	4.5	4.8	3.4	3.8
Other Labor Income	514.0	520.5	527.6	534.1	536.7	543.0	547.3	552.2
% Ch	5.3	5.1	5.6	5.0	2.0	4.7	3.2	3.6
Proprietor's Income	693.9	709.5	724.8	713.8	716.3	729.7	744.1	761.6
% Ch	2.5	9.3	8.9	-5.9	1.4	7.7	8.1	9.8
Farm	19.1	21.5	31.7	18.0	18.1	20.9	22.7	25.0
% Ch	-86.8	58.6	375.7	-89.5	1.8	75.9	40.7	46.4
Nonfarm	674.8	688.1	693.1	695.8	698.2	708.9	721.4	736.6
% Ch	10.7	8.1	2.9	1.6	1.4	6.3	7.2	8.7
Less: Pers Cont. For Social Ins.	353.4	358.8	363.1	367.7	372.2	375.3	377.9	380.5
% Ch	9.0	6.3	4.9	5.1	5.1	3.4	2.8	2.8
Dividends/Int./Rent	1,544.0	1,564.7	1,580.7	1,593.3	1,600.0	1,606.9	1,603.0	1,601.9
% Ch	7.8	5.5	4.1	3.2	1.7	1.7	-1.0	-0.3
Transfer Payments	1,046.9	1,066.1	1,074.2	1,082.7	1,115.0	1,133.5	1,152.0	1,167.6
% Ch	7.8	7.6	3.1	3.2	12.4	6.8	6.7	5.5

Table A3.2
U.S. Personal Income by Component
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	8,940.7	9,071.4	9,199.0	9,321.6	9,465.6	9,604.9	9,733.7	9,863.8
% Ch	5.8	6.0	5.7	5.4	6.3	6.0	5.5	5.5
Total Wage and Salary Disbursements	5,180.9	5,254.2	5,326.0	5,397.7	5,477.9	5,556.5	5,631.2	5,707.3
% Ch	5.4	5.8	5.6	5.5	6.1	5.9	5.5	5.5
Nonwage Personal Income	3,759.9	3,817.2	3,873.0	3,924.0	3,987.7	4,048.4	4,102.5	4,156.5
% Ch	6.3	6.2	6.0	5.4	6.7	6.2	5.5	5.4
Other Labor Income	557.0	562.7	571.3	579.3	587.3	595.2	602.1	609.6
% Ch	3.5	4.1	6.3	5.7	5.6	5.5	4.7	5.1
Proprietor's Income	778.8	794.8	807.6	819.5	833.2	846.6	854.6	864.1
% Ch	9.3	8.5	6.6	6.0	6.9	6.6	3.8	4.5
Farm	24.8	24.6	24.5	24.4	24.2	24.0	24.0	23.8
% Ch	-3.6	-2.4	-2.2	-1.0	-3.3	-3.9	1.1	-3.7
Nonfarm	754.0	770.2	783.2	795.1	809.0	822.6	830.5	840.3
% Ch	9.8	8.9	6.9	6.2	7.2	6.9	3.9	4.8
Less: Pers Cont. for Social Ins.	384.5	388.9	393.6	397.8	404.8	409.5	414.1	418.8
% Ch	4.3	4.6	5.0	4.3	7.2	4.7	4.6	4.6
Dividends/Int./Rent	1,610.6	1,629.1	1,651.6	1,671.7	1,693.1	1,720.8	1,747.6	1,771.2
% Ch	2.2	4.7	5.6	5.0	5.2	6.7	6.4	5.5
Transfer Payments	1,198.0	1,219.4	1,236.1	1,251.3	1,278.9	1,295.3	1,312.4	1,330.4
% Ch	10.8	7.3	5.6	5.0	9.1	5.2	5.4	5.6

Table A3.3
Washington Personal Income by Component
 Forecast 2001 to 2003

	1996	1997	1998	1999	2000	2001	2002	2003
Personal Income	139.328	150.283	162.855	174.948	186.585	192.547	202.854	215.405
% Ch	7.4	7.9	8.4	7.4	6.7	3.2	5.4	6.2
Total Wage and Salary Disbursements	77.310	85.395	94.046	103.398	110.306	112.940	118.744	125.806
% Ch	7.9	10.5	10.1	9.9	6.7	2.4	5.1	5.9
Manufacturing	13.668	15.319	16.224	16.377	16.847	17.282	18.116	19.338
% Ch	8.0	12.1	5.9	0.9	2.9	2.6	4.8	6.7
Nondurable Manufacturing	3.570	3.732	3.805	4.062	4.507	4.514	4.666	4.893
% Ch	2.8	4.5	1.9	6.8	10.9	0.2	3.4	4.9
Durable Manufacturing	10.098	11.587	12.420	12.315	12.340	12.768	13.451	14.445
% Ch	10.0	14.7	7.2	-0.8	0.2	3.5	5.3	7.4
Nonmanufacturing	60.310	66.546	74.286	83.231	89.381	91.344	96.156	101.811
% Ch	8.0	10.3	11.6	12.0	7.4	2.2	5.3	5.9
Other Private Wages	0.683	0.742	0.767	0.884	0.953	1.013	1.078	1.157
% Ch	-1.8	8.6	3.4	15.3	7.8	6.3	6.4	7.3
Farm Wages	0.775	0.849	0.898	1.003	1.145	1.232	1.277	1.331
% Ch	15.6	9.7	5.7	11.8	14.2	7.5	3.7	4.3
Military Wages	1.873	1.938	1.871	1.903	1.980	2.069	2.116	2.169
% Ch	4.6	3.5	-3.5	1.7	4.1	4.5	2.3	2.5
Nonwage Personal Income	62.018	64.888	68.810	71.551	76.279	79.606	84.110	89.599
% Ch	6.9	4.6	6.0	4.0	6.6	4.4	5.7	6.5
Other Labor Income	10.015	10.188	10.593	11.101	11.532	12.008	12.581	13.330
% Ch	3.1	1.7	4.0	4.8	3.9	4.1	4.8	5.9
Proprietor's Income	11.587	11.692	12.844	13.398	14.334	15.158	16.580	17.768
% Ch	7.9	0.9	9.9	4.3	7.0	5.7	9.4	7.2
Farm	0.877	0.468	0.538	0.077	0.071	0.356	0.519	0.580
% Ch	57.2	-46.7	15.1	-85.6	-8.1	401.0	46.0	11.7
Nonfarm	10.710	11.224	12.307	13.321	14.264	14.803	16.061	17.189
% Ch	5.2	4.8	9.6	8.2	7.1	3.8	8.5	7.0
Less: Pers. Cont. for Social Ins.	6.070	6.638	7.194	7.903	8.372	8.729	9.123	9.672
% Ch	6.1	9.4	8.4	9.9	5.9	4.3	4.5	6.0
Plus: Residence Adjustment	1.474	1.643	1.925	2.002	2.209	2.319	2.420	2.529
% Ch	13.9	11.4	17.1	4.0	10.3	5.0	4.4	4.5
Dividends/Int./Rent	26.618	28.967	31.014	32.515	35.081	35.916	36.921	39.198
% Ch	9.1	8.8	7.1	4.8	7.9	2.4	2.8	6.2
Transfer Payments	18.394	19.037	19.628	20.437	21.494	22.934	24.731	26.446
% Ch	4.5	3.5	3.1	4.1	5.2	6.7	7.8	6.9
State U.I. Benefits	0.856	0.723	0.817	0.947	0.903	0.938	0.913	0.937
% Ch	-3.6	-15.6	13.1	15.9	-4.7	3.9	-2.7	2.7
Other Transfers	17.537	18.315	18.811	19.490	20.591	21.996	23.818	25.509
% Ch	4.9	4.4	2.7	3.6	5.6	6.8	8.3	7.1

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	1998:1	1998:2	1998:3	1998:4	1999:1	1999:2	1999:3	1999:4
Personal Income	158.449	161.629	164.660	166.683	170.141	171.126	176.520	182.005
% Ch	11.4	8.3	7.7	5.0	8.6	2.3	13.2	13.0
Total Wage and Salary Disbursements	90.932	93.229	95.398	96.624	100.182	100.151	104.690	108.569
% Ch	13.2	10.5	9.6	5.2	15.6	-0.1	19.4	15.7
Manufacturing	15.766	16.245	16.534	16.351	16.198	16.478	16.498	16.332
% Ch	-5.0	12.7	7.3	-4.4	-3.7	7.1	0.5	-4.0
Nondurable Manufacturing	3.749	3.723	3.849	3.897	3.910	4.074	4.094	4.170
% Ch	-1.8	-2.7	14.2	5.1	1.3	17.9	2.0	7.6
Durable Manufacturing	12.017	12.522	12.685	12.454	12.288	12.404	12.404	12.162
% Ch	-6.0	17.9	5.3	-7.1	-5.2	3.8	0.0	-7.6
Nonmanufacturing	71.677	73.487	75.320	76.661	80.256	79.889	84.391	88.389
% Ch	18.5	10.5	10.4	7.3	20.1	-1.8	24.5	20.3
Other Private Wages	0.737	0.739	0.774	0.818	0.852	0.894	0.880	0.912
% Ch	-12.9	1.1	20.3	24.8	17.7	21.2	-6.1	15.4
Farm Wages	0.887	0.888	0.899	0.917	0.954	0.995	1.027	1.037
% Ch	4.6	0.5	5.0	8.3	17.1	18.3	13.5	4.0
Military Wages	1.865	1.870	1.871	1.877	1.922	1.895	1.894	1.899
% Ch	1.1	1.1	0.2	1.3	9.9	-5.5	-0.2	1.1
Nonwage Personal Income	67.517	68.399	69.264	70.059	69.958	70.976	71.831	73.437
% Ch	9.1	5.3	5.2	4.7	-0.6	5.9	4.9	9.2
Other Labor Income	10.387	10.563	10.685	10.735	10.954	10.886	11.159	11.405
% Ch	11.1	7.0	4.7	1.9	8.4	-2.5	10.4	9.1
Proprietor's Income	12.418	12.643	12.858	13.458	12.944	13.244	13.412	13.993
% Ch	14.9	7.4	7.0	20.0	-14.4	9.6	5.2	18.5
Farm	0.515	0.484	0.444	0.710	0.041	0.053	-0.041	0.256
% Ch	58.5	-22.0	-29.2	553.9	-100.0	179.2	N/M	N/M
Nonfarm	11.904	12.159	12.415	12.748	12.902	13.192	13.453	13.737
% Ch	13.4	8.8	8.7	11.2	4.9	9.3	8.2	8.7
Less: Pers. Cont. for Social Ins.	7.008	7.149	7.279	7.339	7.687	7.666	7.991	8.269
% Ch	12.4	8.3	7.5	3.3	20.4	-1.1	18.1	14.7
Plus: Residence Adjustment	1.930	1.916	1.910	1.942	1.948	2.025	2.013	2.023
% Ch	81.4	-2.9	-1.2	6.9	1.2	16.8	-2.3	2.0
Dividends/Int./Rent	30.330	30.914	31.360	31.451	31.636	32.083	32.723	33.618
% Ch	5.9	7.9	5.9	1.2	2.4	5.8	8.2	11.4
Transfer Payments	19.459	19.512	19.729	19.812	20.164	20.403	20.515	20.667
% Ch	5.7	1.1	4.5	1.7	7.3	4.8	2.2	3.0
State U.I. Benefits	0.782	0.750	0.863	0.874	0.903	1.002	0.940	0.944
% Ch	16.9	-15.4	75.3	5.2	13.9	51.6	-22.5	1.7
Other Transfers	18.677	18.762	18.867	18.938	19.261	19.401	19.575	19.722
% Ch	5.2	1.8	2.3	1.5	7.0	2.9	3.6	3.0

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	2000:1	2000:2	2000:3	2000:4	2001:1	2001:2	2001:3	2001:4
Personal Income	187.652	185.741	184.968	187.978	189.472	191.641	193.558	195.515
% Ch	13.0	-4.0	-1.7	6.7	3.2	4.7	4.1	4.1
Total Wage and Salary Disbursements	113.032	109.809	107.981	110.403	111.050	112.380	113.598	114.733
% Ch	17.5	-10.9	-6.5	9.3	2.4	4.9	4.4	4.1
Manufacturing	17.386	16.469	16.678	16.854	17.050	17.205	17.362	17.512
% Ch	28.4	-19.5	5.2	4.3	4.7	3.7	3.7	3.5
Nondurable Manufacturing	5.030	4.212	4.389	4.397	4.456	4.502	4.533	4.564
% Ch	111.6	-50.8	17.9	0.7	5.4	4.3	2.8	2.7
Durable Manufacturing	12.356	12.257	12.290	12.457	12.594	12.702	12.829	12.948
% Ch	6.5	-3.2	1.1	5.5	4.5	3.5	4.0	3.8
Nonmanufacturing	91.723	89.300	87.141	89.359	89.721	90.870	91.910	92.874
% Ch	16.0	-10.2	-9.3	10.6	1.6	5.2	4.7	4.3
Other Private Wages	0.901	0.966	0.966	0.980	0.995	1.008	1.020	1.032
% Ch	-4.6	32.1	-0.0	6.0	6.0	5.5	4.7	4.9
Farm Wages	1.071	1.127	1.183	1.200	1.218	1.228	1.236	1.245
% Ch	13.8	22.6	21.4	6.0	6.0	3.2	2.9	2.8
Military Wages	1.951	1.947	2.012	2.010	2.067	2.069	2.070	2.070
% Ch	11.4	-0.8	14.0	-0.4	11.8	0.6	0.1	0.1
Nonwage Personal Income	74.620	75.932	76.987	77.575	78.422	79.261	79.960	80.783
% Ch	6.6	7.2	5.7	3.1	4.4	4.4	3.6	4.2
Other Labor Income	11.393	11.389	11.602	11.745	11.803	11.955	12.076	12.198
% Ch	-0.4	-0.1	7.7	5.0	2.0	5.2	4.1	4.1
Proprietor's Income	14.009	14.205	14.520	14.604	14.715	14.967	15.288	15.663
% Ch	0.5	5.7	9.2	2.3	3.1	7.0	8.9	10.2
Farm	-0.022	-0.036	0.157	0.185	0.247	0.330	0.394	0.452
% Ch	N/M	N/M	N/M	92.4	217.5	220.9	101.6	73.3
Nonfarm	14.031	14.241	14.363	14.419	14.468	14.637	14.895	15.211
% Ch	8.8	6.1	3.5	1.6	1.4	4.7	7.2	8.8
Less: Pers. Cont. for Social Ins.	8.328	8.256	8.399	8.504	8.610	8.696	8.772	8.840
% Ch	2.9	-3.4	7.1	5.1	5.1	4.0	3.5	3.2
Plus: Residence Adjustment	2.120	2.216	2.238	2.262	2.281	2.306	2.332	2.356
% Ch	20.6	19.4	4.0	4.4	3.4	4.5	4.6	4.1
Dividends/Int./Rent	34.370	34.919	35.376	35.658	35.811	35.981	35.929	35.944
% Ch	9.3	6.5	5.3	3.2	1.7	1.9	-0.6	0.2
Transfer Payments	21.056	21.459	21.650	21.810	22.422	22.747	23.106	23.462
% Ch	7.7	7.9	3.6	3.0	11.7	5.9	6.5	6.3
State U.I. Benefits	0.914	0.889	0.917	0.893	0.995	0.936	0.912	0.911
% Ch	-12.1	-10.5	13.2	-10.3	54.2	-21.7	-9.8	-0.6
Other Transfers	20.142	20.570	20.733	20.917	21.427	21.811	22.195	22.552
% Ch	8.8	8.8	3.2	3.6	10.1	7.4	7.2	6.6

Table A3.4
Washington Personal Income by Component
 Forecast 2001 to 2003

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	198.308	201.315	204.400	207.393	210.656	213.916	216.977	220.070
% Ch	5.8	6.2	6.3	6.0	6.4	6.3	5.8	5.8
Total Wage and Salary Disbursements	116.192	117.846	119.606	121.330	123.124	124.937	126.690	128.471
% Ch	5.2	5.8	6.1	5.9	6.0	6.0	5.7	5.7
Manufacturing	17.708	17.966	18.249	18.543	18.841	19.173	19.502	19.836
% Ch	4.6	5.9	6.4	6.6	6.6	7.2	7.0	7.0
Nondurable Manufacturing	4.595	4.642	4.690	4.735	4.792	4.861	4.927	4.993
% Ch	2.8	4.1	4.2	3.9	4.8	5.9	5.5	5.5
Durable Manufacturing	13.113	13.324	13.559	13.807	14.049	14.312	14.575	14.843
% Ch	5.2	6.6	7.2	7.5	7.2	7.7	7.5	7.6
Nonmanufacturing	94.061	95.426	96.870	98.267	99.681	101.124	102.514	103.925
% Ch	5.2	5.9	6.2	5.9	5.9	5.9	5.6	5.6
Other Private Wages	1.049	1.068	1.088	1.106	1.127	1.148	1.167	1.186
% Ch	7.0	7.4	7.5	7.1	7.6	7.5	6.9	6.8
Farm Wages	1.257	1.270	1.283	1.296	1.311	1.325	1.338	1.351
% Ch	3.9	4.2	4.3	4.1	4.4	4.4	4.1	4.1
Military Wages	2.116	2.116	2.116	2.117	2.165	2.167	2.170	2.173
% Ch	9.1	0.0	0.0	0.2	9.3	0.5	0.5	0.5
Nonwage Personal Income	82.115	83.469	84.794	86.062	87.532	88.979	90.286	91.598
% Ch	6.8	6.8	6.5	6.1	7.0	6.8	6.0	5.9
Other Labor Income	12.317	12.461	12.674	12.872	13.058	13.246	13.415	13.599
% Ch	4.0	4.8	7.0	6.4	5.9	5.9	5.2	5.6
Proprietor's Income	16.063	16.443	16.760	17.054	17.380	17.693	17.885	18.116
% Ch	10.6	9.8	7.9	7.2	7.9	7.4	4.4	5.3
Farm	0.484	0.511	0.532	0.550	0.564	0.575	0.586	0.594
% Ch	31.7	24.5	17.3	14.4	10.6	8.2	7.9	5.1
Nonfarm	15.579	15.932	16.228	16.504	16.816	17.117	17.299	17.522
% Ch	10.0	9.4	7.6	7.0	7.8	7.4	4.3	5.3
Less: Pers. Cont. for Social Ins.	8.940	9.055	9.190	9.307	9.484	9.608	9.734	9.862
% Ch	4.6	5.2	6.1	5.2	7.8	5.4	5.4	5.3
Plus: Residence Adjustment	2.380	2.406	2.433	2.460	2.487	2.514	2.542	2.571
% Ch	4.3	4.4	4.5	4.5	4.5	4.5	4.5	4.6
Dividends/Int./Rent	36.181	36.637	37.183	37.684	38.216	38.890	39.547	40.138
% Ch	2.7	5.1	6.1	5.5	5.8	7.2	6.9	6.1
Transfer Payments	24.114	24.576	24.934	25.299	25.874	26.244	26.631	27.037
% Ch	11.6	7.9	6.0	6.0	9.4	5.9	6.0	6.2
State U.I. Benefits	0.910	0.911	0.911	0.918	0.926	0.932	0.940	0.950
% Ch	-0.1	0.2	-0.1	3.3	3.5	2.7	3.4	4.6
Other Transfers	23.203	23.665	24.023	24.381	24.948	25.312	25.691	26.087
% Ch	12.1	8.2	6.2	6.1	9.6	6.0	6.1	6.3

Table A4.1
Selected Inflation Indicators
 (Deflator 1996=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1963	0.228	1.2	0.306	1.3	0.302	1.6
1964	0.231	1.4	0.310	1.3	0.306	1.3
1965	0.234	1.5	0.315	1.6	0.310	1.1
1966	0.240	2.6	0.325	3.0	0.319	3.0
1967	0.246	2.5	0.334	2.8	0.328	2.9
1968	0.256	3.9	0.348	4.2	0.342	4.1
1969	0.267	4.5	0.367	5.4	0.358	4.8
1970	0.280	4.7	0.388	5.9	0.374	4.5
1971	0.292	4.3	0.405	4.2	0.382	2.1
1972	0.302	3.5	0.418	3.3	0.393	2.9
1973	0.319	5.4	0.444	6.3	0.418	6.4
1974	0.351	10.3	0.493	11.0	0.464	11.0
1975	0.380	8.1	0.538	9.1	0.511	10.2
1976	0.401	5.5	0.569	5.8	0.540	5.5
1977	0.427	6.6	0.606	6.5	0.583	8.0
1978	0.458	7.1	0.652	7.6	0.640	9.9
1979	0.498	8.9	0.726	11.3	0.709	10.8
1980	0.552	10.8	0.824	13.5	0.827	16.7
1981	0.601	8.8	0.909	10.4	0.916	10.8
1982	0.635	5.6	0.965	6.2	0.978	6.7
1983	0.662	4.3	0.996	3.2	0.993	1.5
1984	0.686	3.7	1.039	4.4	1.030	3.8
1985	0.710	3.4	1.076	3.5	1.056	2.5
1986	0.727	2.4	1.097	1.9	1.066	1.0
1987	0.755	3.8	1.137	3.7	1.092	2.4
1988	0.784	3.9	1.184	4.1	1.128	3.3
1989	0.819	4.4	1.240	4.8	1.181	4.7
1990	0.856	4.6	1.308	5.4	1.268	7.3
1991	0.889	3.8	1.363	4.2	1.341	5.8
1992	0.916	3.0	1.404	3.0	1.390	3.7
1993	0.938	2.4	1.446	3.0	1.429	2.8
1994	0.957	2.0	1.483	2.6	1.478	3.4
1995	0.979	2.3	1.525	2.8	1.522	3.0
1996	1.000	2.1	1.570	2.9	1.575	3.4
1997	1.019	1.9	1.606	2.3	1.630	3.5
1998	1.030	1.1	1.631	1.6	1.678	2.9
1999	1.048	1.8	1.667	2.2	1.728	3.0
2000	1.074	2.4	1.723	3.4	1.792	3.7
Forecast						
2001	1.094	1.9	1.766	2.5	1.848	3.1
2002	1.118	2.2	1.809	2.4	1.894	2.5
2003	1.145	2.4	1.853	2.4	1.937	2.3

* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

Consumer Price Index, all Urban Consumers, U.S. City Average

+ Consumer Price Index, all Urban Consumers, Seattle-Tacoma-Bremerton, WA

Table A4.2

Chain-Weighted Price Indices

(1996=1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1963	0.181	1.4	0.227	1.4	0.147	1.9	0.230	-0.2
1964	0.184	1.8	0.232	1.9	0.146	-0.9	0.228	-0.7
1965	0.188	2.0	0.236	2.0	0.149	2.3	0.237	3.8
1966	0.193	2.8	0.246	4.2	0.153	2.5	0.243	2.3
1967	0.199	3.0	0.250	1.6	0.158	3.2	0.251	3.3
1968	0.207	4.2	0.259	3.7	0.162	3.0	0.254	1.5
1969	0.217	5.0	0.272	4.9	0.166	2.3	0.263	3.3
1970	0.229	5.3	0.288	6.1	0.173	4.2	0.265	0.9
1971	0.242	5.6	0.297	3.1	0.185	6.7	0.267	0.7
1972	0.252	4.4	0.311	4.5	0.186	0.8	0.270	1.3
1973	0.264	4.6	0.345	10.9	0.213	14.4	0.296	9.6
1974	0.285	7.9	0.393	14.2	0.338	58.3	0.400	35.1
1975	0.308	8.2	0.425	7.9	0.370	9.6	0.427	6.7
1976	0.329	6.8	0.439	3.3	0.395	6.8	0.445	4.2
1977	0.355	7.9	0.466	6.3	0.446	12.8	0.471	5.8
1978	0.383	7.9	0.509	9.1	0.469	5.1	0.491	4.3
1979	0.414	8.2	0.559	10.0	0.628	34.0	0.659	34.0
1980	0.459	10.7	0.608	8.7	0.874	39.2	0.914	38.8
1981	0.506	10.2	0.654	7.6	1.064	21.7	1.017	11.3
1982	0.548	8.4	0.677	3.5	1.052	-1.2	0.966	-5.1
1983	0.583	6.4	0.692	2.1	0.989	-6.0	0.934	-3.3
1984	0.614	5.2	0.715	3.3	1.011	2.3	0.920	-1.5
1985	0.644	4.9	0.729	2.0	0.976	-3.4	0.928	0.8
1986	0.673	4.6	0.750	2.9	0.787	-19.3	0.729	-21.5
1987	0.702	4.3	0.775	3.3	0.788	0.1	0.756	3.8
1988	0.736	4.9	0.801	3.4	0.790	0.3	0.763	0.8
1989	0.771	4.8	0.841	5.0	0.826	4.5	0.833	9.2
1990	0.809	5.0	0.882	4.8	0.986	19.4	0.948	13.8
1991	0.848	4.8	0.912	3.4	0.955	-3.2	0.936	-1.3
1992	0.885	4.3	0.922	1.2	0.921	-3.6	0.933	-0.4
1993	0.916	3.5	0.937	1.5	0.918	-0.3	0.923	-1.0
1994	0.942	2.8	0.952	1.6	0.903	-1.6	0.928	0.5
1995	0.973	3.3	0.973	2.2	0.896	-0.8	0.942	1.6
1996	1.000	2.8	1.000	2.8	1.000	11.6	1.000	6.1
1997	1.031	3.1	1.022	2.2	1.008	0.8	1.000	0.0
1998	1.055	2.3	1.041	1.8	0.915	-9.2	0.879	-12.1
1999	1.080	2.4	1.061	2.0	0.929	1.5	0.957	8.9
2000	1.108	2.6	1.087	2.4	1.292	39.1	1.223	27.8
Forecast								
2001	1.138	2.7	1.114	2.5	1.357	5.0	1.204	-1.5
2002	1.170	2.8	1.145	2.8	1.345	-0.9	1.191	-1.1
2003	1.205	3.0	1.174	2.5	1.349	0.3	1.190	-0.1

Table A5.1
Total Resident Population and Components of Change*
 (Thousands)

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5015.3	148.6	3.1	79.1	36.6	106.1
1992	5143.6	128.3	2.6	80.2	37.2	85.2
1993	5281.6	138.1	2.7	79.1	39.4	98.3
1994	5384.1	102.5	1.9	78.2	39.5	63.8
1995	5489.1	105.0	1.9	77.5	40.0	67.5
1996	5584.3	95.2	1.7	77.0	41.2	59.4
1997	5683.3	98.9	1.8	78.0	42.6	63.5
1998	5768.5	85.2	1.5	78.8	41.6	48.0
1999	5846.4	77.9	1.4	79.8	43.1	41.3
2000	5894.1	47.7	0.8	79.5	44.0	12.2
Forecast						
2001	5952.7	58.6	1.0	79.9	45.0	23.7
2002	6016.0	63.2	1.1	80.3	45.7	28.6
2003	6083.9	67.9	1.1	81.0	46.2	33.1

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
 (Thousands)

	1998	Actual 1999	2000	2001	Forecast 2002	2003
Total Population	5768.5	5846.4	5894.1	5952.7	6016.0	6083.9
Percent Change	1.5	1.4	0.8	1.0	1.1	1.1
Age 17 and Under	1502.6	1507.8	1507.7	1508.4	1512.2	1517.2
Percent of Total	26.0	25.8	25.6	25.3	25.1	24.9
Age 6-18	1102.1	1111.8	1110.9	1115.2	1115.8	1118.7
Percent of Total	19.1	19.0	18.8	18.7	18.5	18.4
Age 18 and Over	4265.9	4338.6	4386.5	4444.3	4503.8	4566.7
Percent of Total	74.0	74.2	74.4	74.7	74.9	75.1
Age 21 and Over	4027.9	4088.6	4132.6	4188.1	4248.5	4307.4
Percent of Total	69.8	69.9	70.1	70.4	70.6	70.8
Age 20-34	1235.0	1231.9	1226.7	1232.4	1238.9	1251.3
Percent of Total	21.4	21.1	20.8	20.7	20.6	20.6
Age 18-64	3611.2	3677.8	3719.2	3770.3	3822.7	3877.0
Percent of Total	62.6	62.9	63.1	63.3	63.5	63.7
Age 65 and Over	654.6	660.8	667.3	674.1	681.1	689.8
Percent of Total	11.3	11.3	11.3	11.3	11.3	11.3

* As of April 1 of Each Year

Source: Office of Financial Management

Glossary

Biennium: The state's two years budget cycle. The 1997-1999 biennium started on July 1, 1997 and ends June 30, 1999. The current 1999-2001 biennium started July 1, 1999 and ends June 30, 2001.

Cash Basis: Cash receipts received during a period. The Forecast Council forecasts revenues on a Cash and GAAP (Generally Accepted Accounting Principles) basis.

CPI: The Consumer Price Index for All Urban Consumers. The Bureau of Labor Statistics (BLS) updates the CPI monthly, surveying over 60,000 goods in 85 urban areas. The BLS also produces a bi-monthly Seattle-Tacoma-Bremerton CPI.

Tax Elasticity: A measure of how tax revenues respond to changes in personal income. If tax revenue elasticity is greater than one, a one percent change in personal income will be associated with more than a one percent increase in tax revenues. If elasticity is less than one, a one percent increase in personal income will be associated with less than a one percent increase in tax revenues.

Fiscal Year: The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 1999, for example, ran from July 1, 1998 through June 30, 1999.

GAAP Basis: Generally Accepted Accounting Principles measure revenue in the period during which they accrue rather than the period in which they are received.

General Fund: Accounts for all financial resources and transactions not accounted for in another fund.

General Fund-State Revenue: Resources from state sources only, excludes federal monies.

Implicit Price Deflator for Personal Consumption Expenditures (IPD): The IPD is a by-product of the National Income and Product Accounts. It is derived by dividing current dollar (nominal) consumer expenditures by constant dollar (real) consumer expenditures.

Mortgage Rate: The average interest rate on 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

Non-Wage Income: Personal income other than from wages and salaries. The major components are: proprietor's income, transfer payments, and dividends, interest and rent.

Real GDP: Gross Domestic Production adjusted for the price level.

Personal Income: Income from wages and salaries; other labor income; proprietor's income; dividends, interest and rent; transfer payments; and a residence adjustment. It is reduced by employee contributions for social insurance.

Seasonally Adjusted: Adjusted for normal seasonal variations. Monthly statistics, such as the unemployment rate, are seasonally adjusted to make month-to-month comparisons possible.

Wage and Salary Employment: Civilian nonfarm payroll employees. The self-employed, farm workers, members of the armed forces, private household employees, and workers on strike are excluded.

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